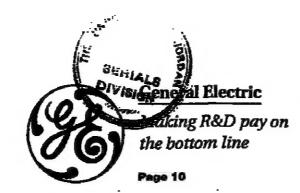


Cars in Europe The new challenge from Japan





How tonight's debate may swing the French vote

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Section III



NANCIAL TIMES

Thursday September 3 1992

EUROPE'S BUSINESS NEWSPAPER

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Kohl out of touch Narrow majority for treaty seen as Europe's leaders move to support Mitterrand with business, says industry chief French opinion polls back Maastricht



week of Mr Heinrich Weiss, (left) president of German industry, showed the gravity of the "disastrous development" in the government's relations with the business community, said Mr Dieter Härthe, federation of medium sized businesses, BVMW.

Chancellor Helmut Kohl has lost contact with the German business community, and current government policies will sooner or later ruin the economy, Mr Harthe said. Page 14

UK border compromises The UK and EC are close to a compromise on the long-running dispute over Britain's insistence on retaining border controls on people beyond the end of this

Briton jailed in Iraq: British cyclist Michael Wainwright has been sentenced to 10 years in an Irad jail for entering the country illegally, the Foreign Office said Iraq faces protest; UN says N-threat over, Page 7

Nato to back UN in Bosnies The Nato allies agreed to offer troops and other support to the United Nations in protecting aid deliveries to Bosnia. Timing critical as Yugoslav peace talks resume, Page 3

Royal Bank of Canada, the country's biggest financial institution, suffered a 57 per cent plunge in third-quarter income, largely due to further write-downs on its loans to alling property developer Olympia & York, Page 15

Euro Disney, is reshuffling its senior management in an attempt to improve the performance of its theme park outside Paris and its merchandising interests. Page 15

Bush presses Mideant leaders: President George Bush and Mr Lawrence Ragleburger, his acting secretary of state, will today complete a round of contacts with Middle East leaders aimed at accelerating the peace process. Page 7; US and Israel under fire at Jakarta talks, Page 7

Bowater, diversified packaging and printing business newly installed in the FT-SE 100 index. produced a 19 per cent improvement in interim pre-ten profile to 3374 in (3174 in) as it digested recent acquisitions and improved operating margins. Page 15; Lex, Page 14

Coffor loses support: The last pillar of support for Brazilian president Fernando Collor collapsed with the decision by the main pro-government party to free its congressmen to vote in favour of Mr Collor's impeachment. Page 6

Toyoda Machine Works, Toyota Motor affiliate, plans to close a French machine tool plant once viewed as the company's strategic spothold in the European market. Page 17

Enfors scandal: An Indian court ruling virtually quashed the investigation into the Rs14.5bn (£256m) Bofors scandal after government agencies failed to establish that the Swedish arms company had bribed the Indian government to secure a big order in 1987. Page 7

CRH, international building materials group and one of Ireland's biggest companies, announced pre-tax profits for the six months to June 30 up by 7 per cent from IC21.1m to IC22.6m. Page 20

Ukraine strike: An indefinite general strike paralysed Ukrainian airports and train stations, just as the country prepared to enter the Interna-tional Monetary Fund. Page 8; G7 silent on Russian rescheduling, Page 4

Pormer Polish Pli murdered: Former Polish Communist prime minister Piotr Jaroszewicz was found tortured and hanged beside his wife's dead body in their Warsaw home. Page 4

'Final push' on trade talks: EC and US trade negotiators are engaged in a "final push" to achieve a breakthrough by mid-October in the Uruguay Round world trade liberalisation talks. Page 5

Somalia famine: Britain will lead an BC fact-finding mission to Somalia this week as criticism mounts of poor co-ordination of international famine relief to the east African state. France is to extend a relief airlift until the risk of starvation had been eliminated. UN's plans anger Somali strongman, Page 7

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FINANCIAL TIMES FT No 31,852 Week No 36 P

By David Buchan and Alice Rewithorn in Paris

TWO opinion polls yesterday forecast that France would narrowly approve the Maastricht Treaty on European Union at a referendum this month, as European leaders rallied to support President François Mitterrand in his campaign for a Yes vote. Mr Mitterrand, who will tonight take part in his first tele-

vision debate in four years, has been under growing pressure since opinion polls began to show a majority against the treaty a

Other European leaders, with their own agendas at stake, have begun adding their weight to the PAGE 2

R Banger anti-German sentiment ■ Wrong end of the stick ■ Seguin goes into battle

PAGE 12 Editorial Comment PAGE 14

Yes campaign this week. Mr Felipe Gonzalez, the Spanish prime minister, was due to speak later last night at a Socialist party meeting in Strasbourg. Tonight Mr Helmut Kohl, the German chancellor, is expected

to make a satellite appearance on

French television.

neo-Gaullist opponent of the treaty, will set the tone in the final stage of the referendum campaign, which is now balanced on a knife edge. Two polls published yesterday showed a shift in sentiment

ist French president and Mr Phil-

ippe Séguin, the most prominent

Yes faction.

The BVA/Paris Match poll suggested that 51 per cent of the electorate will support ratification. The same poll last week indicated that exactly the same proportion would vote No. An Ipsos/Le Point poll suggested a 53 per cent majority in favour, against last week's poll which

towards a small majority for the

The debate will also offer a chance for the president to salvage his political credibility at a time when his popularity is fall-ing and his future has been called into question. The anti-Maastricht camp has been trying to turn the referendum into a vote of confidence in Mr Mitter-

rand and the government. A BVA/Paris Match poll pub-lished yesterday showed that the president's approval rating has fallen from 85 per cent to 33 per cent in the past month. This means that he is uncomfortably close to his all-time popularity poll low of 31 per cent on the eve of this spring's regional elections.

prime minister, whose appointment after the regional elections briefly boosted the president's poll standing, has seen his approval rating fall from 41 per cent to 35 per cent since July. Mr Mitterrand and the social-

Mr Bérégovoy, the socialist

ists do at least have the consolation that public opinion seems to be moving back in favour of ratifying the treaty after last weck's shock when, for the first time, some polls suggested that the No camp was in the majority.

Yesterday's polls reflect the general trend in which all three of the polls published previously this week said the French will endorse the treaty, albeit by a

vative opponents of the treaty. who had been trying to block ratification on constitutional

The French stock market, which was depressed last week by the threat of a negative referendum result, recovered momen-tum yesterday. The CAC 40 Index ended the day 1.57 per cent higher at 1,700,50.

• The French industrial establishment yesterday threw its weight behind European union. The Patronat, which represents France's biggest companies, voiced support for ratifying the Maastricht treaty and warned of the dangers of rejection.

UK underlines vote's importance

By Alison Smith in London

THE BRITISH government will withdraw the bill to ratify the Maastricht treaty from parlia-ment if France votes No in the referendum later this month, the prime minister's office said yes-terday, underlining the crucial significance of the result for Britain and the rest of Europe.

Officials also confirmed that contingency plans were being drawn up to cope with the political and economic turbulence that would follow an outright rejection of Maastricht by the French electorate on September 20.

Britain, as the current president of the EC, would expect to take the initiative in picking up the pieces of the process towards economic and political union.

Plans for co-ordinated action by European finance ministries and central banks to deal with the probable disruption in the currency markets that would foi-

low a No vote will be discussed at this weekend's informal meeting of EC finance ministers in Bath, southern England.

Analysts warn that a No vote could trigger an even stronger flow of funds into the D-Mark, pushing weaker currencies such as sterling closer to their floor levels in the exchange rate mechanism, and forcing monetary authorities either to raise interest rates or mount expensive currency support operations.

Maastricht ratification bill in the event of a No vote contrasts sharply with that of other Euro-In Italy, Mr Emilio Colombo, foreign minister, said Rome should try to ratify the treaty in

Britain's decision to scrap the

at least one house of parliament before September 20 to show commitment to integration. In Bonn, a German foreign

"It's downright foolish politically to start speculating now about what would happen if the referendum in France is nega-

tive," spokesman Mr Hanns her told journalists. The UK government is facing renewed domestic criticism over its stance on Maastricht. with some evidence of confusion among MPs about what the UK is officials insist, however, that

Mr John Major, the prime minister, is committed to the Maastricht deal, and point out that a rejection of the agreement would cast a deep shadow over the UK presidency, detracting from the UK's priorities of completing the single market and extending links with central and eastern

British Buro-enthusiasts have criticised Mr Major's refusal to take part in tonight's French teleministry spokesman declined to take part in tonight's French telement to speculate on his country's ratifivision debate with President at best".

François Mitterrand on the treaty, while Euro-sceptics believe insufficient account has been taken of the Danish rejection of the agreement.

Unlike Germany's chancellor Helmut Kohl, Mr Major's decision not to take part in the French television debate can readily be seen as no more than routine political caution, given the difficulties such an intervention might cause him within his own

Officials insisted that the refusal to take part did not arise from any nervousness about the result of the referendum.

Mr Paddy Ashdown, Liberal Democrat leader, said Mr Major had a peculiar way of showing his desire for the UK to be at the heart of Europe, and added that t would be no surprise if other BC countries received the impression that "the British commit-

All Polices CORPORCIA A COMPANY

Volvo to cut truck business costs

By Robert Taylor in Stockholm

VOLVO, the Swedish automotive manufacturer, is planning further severe cost cuts in the face of deepening financial problems. The company yesterday con-firmed that it intends to push through a SKr2bn (\$392m) rationalisation programme in its ailing truck division over the next three

The group is also believed to be considering the closure of one of its smaller car production plants in Sweden. The most likely casualty appears to be the company's former showcase operation at Kalmar on the Baltic Sea, which employs 800 people, producing the huxury 960 model.

This plant was established in 1976 and won international renown for the production of new production techniques, involving

the abolition of the traditional assembly line. The Uddevalla plant in south-west Sweden, which was only opened in 1989, could be an alternative choice for

The company said the decision on the closure had not been taken. But last week Mr Soren Gyll, chief executive, said "nothing was holy" in the company

Any decision to close either Kalmar or Uddevalla would be fraught with social and political consequences as unemployment continues to climb in Sweden. It would also be seen as a personal setback to the dreams of Mr Pehr Gyllenhammar, Volvo's charis-matic executive president who

inspired and pioneered the new methods of auto production. After an emergency board where Volvo was the market meeting on Friday. Volvo leader there had been a 29 per

informed the Swedish trade unions that the company was being forced to restructure its truck operations in the face of deteriorating market conditions in Europe and North America.

All truck plant managers have been instructed to identify potential savings and rationalisation measures by the end of October. Mr Sten Langenius, head of Volvo truck division, said that he was convinced that the cost savings and other moves being planned would safeguard its future when the economic unturn

Volvo pointed out to the union that last year the total market for heavy trucks dropped by 13 per cent in Europe and in 1992 would decline a further 7 per cent. It added that in the Nordic region where Volvo was the market cent drop in the first six months

Volvo last week announced an first-half operating loss of SKr835m and a deficit after financial items of SKr103m. Since it began its rationalisation in 1990 Volvo has cut annual costs by SKr4.1bn. By the end of this year, its annual cost level will have been reduced by about SKr5.2bn.

Taking a pounding: a foreign exchange dealer displays the latest dollar-sterling rate for tourists in London yesterday

This announcement appears as a matter of record only



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BA in advanced talks to buy large stake in French airline

By Paul Belts, Aerospace Correspondent, in London

BRITISH AIRWAYS is in advanced negotiations to buy a large minority stake in a French regional airline, Transport Aerien Transregional

The move is part of BA's strat-egy of acquiring stakes in smaller carriers in large European countries in order to take advantage of the new single European air market which starts next year. The deal would follow BA's

acquisition earlier this year of a 49 per cent stake in Delta Air, a German regional carrier which has since been renamed Deutsche European airline industry offi-

cials said yesterday the negotiations between BA and TAT were at a critical point. However, Sir Colin Marshall, BA's deputy chairman and chief

executive, declined to comment

on the TAT negotiations. But he confirmed that at the same time as negotiating its global alliance with USAir - in which BA is planning to invest \$750m (£375m) for a 44 per cent stake - the UK carrier was seeking regional airline partnerships to strengthen

A deal with TAT is expected to spark a fierce reaction from Air France, the French flag cartier which was forced to dispose of its 35 per cent stake in the regional carrier last year.

Air France sold its stake in TAT as part of an agreement with the European Commission to enable it to take control of Air Inter, the French domestic carrier, and UTA, the independent French long distance airline. Mr Bernard Attali, Air France

chairman, has already warned he will make life difficult for BA in

France if the deal with TAT is

TAT employs about 3,100 peo-ple, has annual sales of about FFr2.4bn (\$500m) and runs a fleet of 50 aircraft. It operates a net work of domestic routes and is expanding into European regional services, flights to the UK. Mr Michel Marchais, founder

and main shareholder of TAT. indicated in February he would be prepared to sell part of his family's 72 per cent controlling interest in the airline. He is understood to have approached BA earlier this year.

Sir Colin said at a Financial Times aerospace conference yesterday that BA's strategy of becoming a global airline was well on the way to becoming a reality" with the proposed USAlr and European joint ventures.

BA-USAir deal, Page 5 City Airport stake offer, Page 8

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party say Yes' but are

being defied by the 19% loyal to five

members of parliament led by former Defence Winiste

n-Pierre Chevénement

says 'No' and 61% of party

says 'Yes' but is opposed by

Unable to adopt official

astricht stance of party

lowever, 47% of the party

leader Anton Waechte

supporters say 'No'.

Bangemann Wrong end of the Maastricht stick accuses French Campaigners are misinterpreting the treaty for their own ends, reports David Buchan of anti-German sentiment

By Lionel Barber in Brussela



Bangemann, the most senior German politi-European Commission, yesterday accused French supporters of the Maas-tricht treaty of whipping up anti-German sentiment to secure a "Yes" vote in this

month's referendum. Mr Bangemann, the EC com-missioner for the internal market, said it was dangerous and irresponsible for French politicians to argue that the Maas-tricht treaty on economic and political union was the best means to control German

power in Europe. "I hope Maastricht is ratifled," he said, "but I can only put up with this (talk) for so

Mr Bangemann, a strong advocate of European political and economic union, said he was disappointed at the way French politicians were suggesting that a united Germany might revert to its Nazi past, or that it might wish to break out of the constraints of the EC. "It is a cheek," he said.

Leading French proponents of Maastricht, including Mr Pierre Bérégovoy, the prime minister, Mr Laurent Fabius, chairman of the socialist party, and Mr Michel Rocard, a potential socialist presidential candidate, have all responded to growing opposition to Maas-tricht by invoking fear of a

Mr Fabius recently spoke of the danger of German "demons" being unleashed if the Maastricht treaty is

German newspapers have revival of the "ugly German" being raised in support of the treaty which, they point out, was intended to reinforce the post-war partnership between France and Germany within the European Community.

Chancellor Kohl plans to take part in a French televi-sion debate today to support President Mitterrand against his anti-treaty opponents.

Mr Bangemann, without naming the culprits, claimed French politicians were out of touch with the feelings of the French public which saw Germany as a friend.

Mr Bangemann said it would be far better for proponents of the treaty to focus on the domination of the German mark and the power of the Bundes-bank which, by fulfilling its narrow obligation of maintaining price stability, was doing great harm to the economies of Italy, France and Great

The Masstricht treaty, which sets out a path for a common European currency and a European Central Bank, would strip national institutions such as the Bundesbank of their sovereignty. "In France, not everybody has understood that European union will do away with the domination of the Bundesbank," he said.

Echoing fears expressed this week by his fellow EC commissioners, Sir Leon Brittan, the senior British commissioner, and Mr Karel Van Miert, the Belgian socialist, Mr Bangemann said French rejection would be a catastrophe. It would allow all 12 member states to re-open agreements and roll back progress made on the single integrated market.

OR all the fateful inter-national consequences of their September 20 verdict on the Maastricht treaty, most French voters will

have uppermost in their minds domestic considerations – the future of President Mitterrand, recent scandals involving senior socialists, and worries about job security in a sluggish

But, formally, the debate over the next two and a half weeks, now at last reaching fever pitch, is supposed to turn on the pros and cons of European political and monetary union. Both sides in the referendum battle are having great difficulty in drawing accurate information from the dry Maastricht treaty to suit their cam-

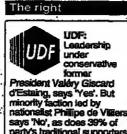
paigns.
The "Yes" and "No" coalitions are, unwittingly or (more often) wittingly, misinterpreting Maastricht. Of the two camps the treaty rejectionists appear to be rather more suc-cessful in getting the wrong end of the Maastricht stick, or making insufficient political use of the correct and of the Maastricht stick, or simply blaming on a treaty that has yet to come into force existing irritations with Brussels that have flowed from the 1986 Single European Act and the European Community's internal market programme.

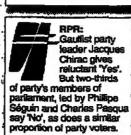
The French are not alone in this. Debates about Maastricht in other European countries, notably Britain, have been similarly distorted through the prism of domestic politics.

One theme, stressed by all "Yes" campaigners ranging from accialist ministers, to Mr Raymond Barre, the former Giscardien prime minister, to Mr Edouard Balladur, leading member of the neo-Gaullist RPE, is that Europe and France now need Maastricht to contain the growing political and monetary strength of newly enlarged Germany. If diplomatically out, this is a point which is accepted by many Germans, including Chancellor Helmut Kohl, who

The main parties

What their leaders are urging and what their supporters intend to do.





party's traditional supports

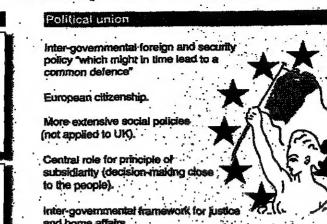


According to end-of-August opinio polls conducted by SOFFIES for TFI matter Figure, and SVA for Pads

will speak in favour of Maastricht on French television

But, in seeking to back up this general point, the "Yes" campaigners stray from the real import of the Maastricht treaty. Most of them lay too much store by Maastricht's vague provisions for common EC foreign policy actions which can be exploited. Mr Jean-Pierre Chevenement, the Socialist renegade and former minister, pointed out quite correctly that this kind of chaingang diplomacy allowed Ger-

The main points of the Maastricht treaty



Modest increese in powers for European parliament. Upgrading of court of auditors

Commitment to economic and monetary union by 1999 for countries which fulfil aconomic criteria:

ncreased pressure for countries to keep exchange rales stable in European Monetary System...

Cohesion fund to help poorer countries. European monetary institute to be set up in 1994 as

forerunner to European central bank.

many to hustle its EC partners ate that Mr Balladur should into recognising Croatia in make this point, because it was he, as French finance minister, tion of the Yugoslav war. By contrast, few "Yes" camwho in 1987-88 started lobbying his EC colleagues for a European central bank and an end paigners, with the exceptions

of Mr Pierre Bérégovoy, the to German dominance of Socialist prime minister, and Europe's money. Mr Balladur, make sufficient political capital out of Maas-"Without a European currency, Germany will stay free to act as it likes," Mr Bailadur wrote this week. "This is the tricht's very concrete provisions for economic and monetary union (Emu), and the way in which France can recover some control over its monetary To considerable political It is at least highly approprieffect, but with little real justi-

present situation which is the most damaging to France's

tricht bringing France higher unemployment and taxes loom metres-high on the "No" cam-paigners ubiquitous billboards.

The rejectionists are right to claim that the Maastricht criteria for Emu are generally dellationary. But passage of the treaty is most unlikely to cause further austerity for France, one of only three EC states which already meets the Maastricht targets on inflation, public spending and debt, as it surely will for a country like Italy that has yet to bite the

bullet of financial discipline. Proposals to tighten the EC's purse strings are at least an easy way of getting back at the Brussels bureaucracy one enemy the French electorate has clearly identified to polisters. A close reading of Mass-tricht shows the treaty does littie to increase the power of Mr Delors and his Eurocrats. Indeed one of the Mr Delors' initial gripes was that Mass-tricht puts the making of foreign and internal security poli-cies squarely in the hands of governments, not of the Com-mission.

There may, however, be some rough political logic in believing that a defeat for Maastricht would intimidate the EC bureaucracy, particu-larly Sir Leon Brittan's trust-busters and state aid controllers whose activities have riked French governments

An equally strong complaint of the "No" campaigners is that Maastricht would see a tide of immigrants and criminals washing into France. This fear is being exploited most obviously by Mr. Jean-Marie Le Pen, the National Front leader, but also by rebels like Mr Philtope de Villiers of the UDF. Yet the "frontier control" pass has already been sold, with France's ratification of the Single European Act and the Schengen free-travel

Maastricht's proponents in France are exaggerating when they prophesy Armageddon if the treaty dies on September 20. But the other side is being even more disingenuous in forecasting business as usual.

A quick and smooth renegotiation is most unlikely. One just has to recall that Ireland's partners refused this spring to let Dublin excise one sentence about shortion from the signed treaty text, to see how nervous they all were and are about tampering with the Masstricht

This is the first dispatch from Paris by David Buchan, for-merly chief of the FT's Brussels

establishment yesterday threw its weight behind the European union as the Patronat, which represents France's biggest companies, voiced support for ratifying the Maastricht treaty and warned of the dangers of

Mr François Perigot, president of the CNPF, said that European union offered a real opportunity for France, to strengthen their political

THE French industrial munity to establish itself However, the as a significant presence in the international market

"Europe has not yet demonstrated its political power to the rest of the world," he said. "It could do so by showing a common political will and by gaining control of a world cur-

Mr Perigot criticised the Masstricht treaty's architects for failing to consult with the business community and for However, the CNPF warned

that a negative result in the September 20 referendum could have dire economic consequences for France, triggering an immediate loss of confidence by international investors, resulting in a lower franc and higher interest rates.

French industry is already under pressure because of the comparatively high cost of bor-rowing Mr Ernst-Antoine Seillière, economic adviser to the

"No" vote would make it even more difficult - and expensive - for French companies to raise capital for investment.

In the medium term, he warned that France could become isolated in a Europe in which the monetary system would be dominated by the D-Mark. This isolation, he said, also raised the spectre of international investors diverting funds originally intended for France to other countries, such as Spain or Germany.

LEGAL NOTICES

TO: ALL POLICYHOLDERS, CREDITORS OR OTHER PERSONS OR ENTITIES INTERESTED IN MUTUAL BENEFIT LIFE INSURANCE COMPANY OR ITS ASSETS

PLEASE TAKE NOTICE that the Superior Court of New Jersey entered an Order to Show Course in this case, presented by Samuel F, Fortunato, New Jersey Commissioner of Insurance and Rehabilitator (the "Rehabilitation") of Mutual Benefit Life insurance Company in Rehabilitation ("MBL") dated August 7, 1992, which, among other things, requires that all persons and entities interested in MBL, or its essets show cause before the Honorable Paul G, Lavy, J,S.C, PJ.Ch., Superior Court of New Jersey, Chencery Division - Marcer Courty, 210 South Broad Street, Sh Roor, Trenton, New Jersey 08925 on Jersey 29, 1993 at 10 c/clock in the forence of a sound fractation of the Participation of the Centerior of as soun fraceation as counted can be heard (the "Heari"), suffortising the structure of the Rehabilistical Agreement, the Uguddering Trust Agreement, the Stock Trust Agreement (collectively the "Plan and Agreements") and proper.

 Any person or entity wishing to appear and be heard or to present testimony or other evidence at the hearing on the return date of this Order to Show Cause shall provide written notice of such intent and a summing of the matters or testimony to be presented, as well as copies of any documents to be presented to the Rehabilitator, through his counted. Cole. Schotz, Bernstoln, Melsel & Former, P.G. 25 Main Street, Hackeneacc, New Jersey 078-02-(600, Atric Michael S. Melsel, Esq. for their receipt prior to 4.00pm on November 16, 1982. Persons or entities not wishing to appear and by heard at the Hearing may submit comments, suggestions, objections or other mistrial by delivering or mailing same to the foregoing counsel for the Rehabilitation by the deedlines set forth above.

2. Any person or entity seeting to respond to this Order to Show Cause by filing antiwering certifications or affidavits and briefs with this Court shall do so no later than November 16, 1992. Such answering papers shall be filed directly with the Honourable Paul G. Lavy, J.S.C., P.J. Ch., Superior Court - Mureer Countly, 210 South Broad Street, 5th Floor, CN 977, Treaton, New Jessey 06525, accompanied by a Piling fee to the Clerk of the Superior Court in the amount of 350. Any person may file a waiter of the court filing less by reason of poverty. Answering papers on bahalf of any corporation should be filed by a New Jersey attempt, but motions for appearance are her yield may be graterized under R1:21-2.

3. All answering papers filed pursuent on paragraph (2) above shall be served sicultaneously upon counsel for the Rehebilitator be delivering one set of papers to Cole, Schotz, Bernstein, Measel & Forman, P.C., 25 Main Street, Hackensack, New Jersey, G7602-0800, Asm: Bidness Melsel, Esq. Any person or entity seeking access to responses made by others shall call Frances Planno. Legal Assistant, at (201) 489-3000, who will make copies available at the offices of Cole, Schotz, at the above address.

4. The Rehabilizator shall raply to the answering papers received by falm no later than December 31, 1932 and shall serve that raply upon the answering party and all counsel or persons as set forth on the service list being maintained by the Rehabilizator at the request of this Count.

5. All persons or entities interested in the extete, essets or property of MEL, of any kind or neture, however or wherever held are hereby indexed to appear at the Hearing, to show cause why the Pten and Agreements should not be approved. All persons letting to appear or to the timely objections shall be deemed to have forever waived any and at objections.

6. The Pien and Agreements may be amended or modified at any time prior to the Hearing. The Rehabilitator will provide notice of any material, adverse amendment or modification by first class mail to all state insurance regulatory authorities or equivalents, the various state till and health guaranty associations in such states where NEI, is conducting or hes conducted business whether directly or indirectly, all persons or emitties on the sarvice list maintained by the Robabilitator at the request of this Court and all presents or emitties that here always or itself exponences or requests for additional notice (the "Service List"). The Rehabilitator will advise the Court and all persons or emitties entering appearances of any non-edverse normaterial modifications or amendments to the Plan and Agreements at the Hoosing.

7. The Hearing may be edjourned from time to time with the approval of this Court with notice only to those persons or entities as set forth on the Service List.

8. Copies of the Pien and Agreements shall be available for inspection at the office of Massail Bonefit Liu, 320 Broad Street, Newsirk, New Jorsey between the hours of 9:00am - 12:00 reco., and 1:00pm - 5:00pm, Mondays through Fridays upon prior slephone request at 2017, 481-8355. A copy of the Pien and Agreements, Order to Show Cause and supporting perifications will be mailed to any party who makes a witten request by limit class real to Mutual Benefit Life at the above address, Attr. Public Albairs Department, or by facsimile transmission at (201) 298-4309, Any written request shall include the cause of the requesting

person or entity, his or her interest in MSL and an address to which such documents may be mailed.

a. To avoid undue disruption to the Rehabilitator or other interested parties, no discovery shall be conducted of the Rehabilitator with respect to the Plan and Agreements, except upon prior order of this Court entered after a noticed hearing and upon a showing of good cause.

10. The following procedure for the submission of proposals to enternoe the Heltebillation Agreement and ecquire the MBILAC stock is established.

Any person, entity or group interested in submitting a proposal to enthance the Rehabilitation Agreement (interested Partient) and acquire the NELLAC stock may do so by following the procedures set further herein and as are set forth more fully in paragraphs 61-65 of the certification of Samuel F. Fortunato in support of the Rehabilitation of The Metual Benefit, Itle insurance Company which is incorporated by reference herein. Each interested Party must submit. "Qualification information" to the Rehabilitator including: 1) detailed information regarding the identity of such interested Party must as capital structure, principals, shareholders or Investors; 2) detailed information demonstrating that such interested Party has not assets and resources sufficient to provide the capital and guerantees required to consumments a proposal to rehabilitation Agreement and a day associated copy of a confidentiality agreement as previously approved by this Court (the "Corridendatity Agreement"). All Custification information must be received by the Rehabilitation, of Votor H. Patriert, Deputy Rehabilitation, Musual Benefit Life Insurance Company in Rehabilitation, 520 greed Street, Shi Floor, Neveric, New Areasy (1702-3-184, with a copy to Lewenter A. Larene, Eug., Cadeslander, Wickersham & Taft, 100 Maiden Lane, New York, New York 1000B. The Rehabilitation reserves the right to accept or reject any Qualification information submitted by any Interested Party and to request additional Information from any Interested Party at any fine.

Based on the Qualification Information, the Rehabilitator, in his sole and absolute discretion, shall determine, which interested Parties are qualified to present this "Qualified Biddens"). All Qualified Biddens shall be notified in writing as promptly as practicable after receipt of the Qualification information and, subject to the Confidentiality Agreement, and be invested cartain financies, fortrained and brainess information regarding Mutual Benefit, MBLLAC and the Plan (the "Bid Package").

All Qualified Bidders must submit Bids to the Rehabilitator at the addresses set torth in paragraph 10(A) above for receipt no later then 4:00pm on November 30, 1982 or such later data as the Rehabilitator deams appropriate. Each Bid should be based on the information contained in the Bid Package and structured to be reasonably comparable in form to the transaction contemplated by the Rehabilitation Agreement. The Rehabilitation reserves the right to reject bids that are not so comparable. In addition, each Bid must provide information on the structure and issues of the proposed in selficient detail for the Rehabilitator to detection the value of such Bid to policyholders.

The Rehebilitator will review the Bide and, in his sole discretion, may roject any and all Bids. The Rehabilitator's determination to accept or reject any Bid will be made, and parties who submitted Bide will be nealfied in vehing, on or prior to December 50, 1982 or such latter date as the Rehabilitator deams appropriate. The Rehabilitator is under no obligation to accept any Bid, said Bid will be filed with this Court and notice of stame with be provided to those persons or entities as sol torth on the Sentice Lier.

11. All prior injunctions, moratoria and other orders of this Court, except to the extent expressly modified herein, are restlicted and remain to tall force and effect. All powers and authority granted to the Rehabilitator neveln are in addition to and not in limitation of the powers of the Rehabilitator under the New Jessey State Insurance Code.

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NEW JERSEY COMMISSIONER OF INSURANCE AND REHARD CATOR OF COMPANY IN REHABILITATION

Industrialists back European union Séguin: French crusader goes into and economic status thereby enabling the European Community to establish itself monetary union. CNPF, said a collapse of international confidence after a confidence

William Dawkins profiles the bulky Gauloise-smoking opponent of Maastricht

MR PHILIPPE Séguin, the thinking Frenchman's crusader against the Maastricht treaty on European Union, tonight does battle against a cornered President François Mitterrand.

The bulky, Gauloise-smoking conservative has been chosen by Mr Mitterrand for a televised verbal duel on the pros and cons of Maastricht. The stakes are very high. The president is under pres-

sure from some quarters to resign, in order to let voters decide in the September 20 treaty referendum unencumbered by their feelings over his battered personal image. Mr Mitterrand, alarmed by

the recent surprise swing of public opinion against the treaty, chose to face Mr Seguin because he wanted to settle the score with possibly the most active and articulate campaigner against the treaty.

If Mr Séguin pushes hard

and cleverly enough, he could force Mr Mitterrand to clarify his intentions as well as increase the "No" vote. At the very least, the quality of their performance could give a much needed steer to the French public's complex and volatile eelings about Mr Mitterrand and Europe.

This is the first time Mr Mitterrand has faced down an opposition politician live on television for more than four years. That was in the 1988 pre-presidential election debate with Mr Jacques Chirac, leader of the RPR Gaullist party, of



Séguin: ready for a television duel which Mr Séguin is a rebel-

lious member. The choice of Mr Séguin surprised some people, for he is not a mainstream opposition leader; a mere junior minister in the previous conservative government and maverick upholder of old style Gaullism. However, the two mainstream opposition leaders are campaigning in favour of Maastricht. Mr Séguin is also one of the very few anti-Maastricht campaigners to abstain from dragging Mr Mitterrand's battered image and the socialists' record into the European union campaign.

might have calculated that paying this compliment to Mr Seguin might further split the Gaullists. He and Mr Charles Pasqua lead the two thirds of the RPR who say "No" to Maastricht and tried three years ago to oust the moderately pro-treaty Mr Chirac. They might easily try again and some commentators talk of Mr Séguin as a future RPR

Mr Séguin, 49, an expert on Napoleonic history, is a defender of French sovereignty to the bottom of his soul. Born and educated in Tunisia before inion campaign. independence, his deep patrio-The wily Mr Mitterrand tism is a feature of the

so-called "pieds noirs." He is not against the European Community, but argues that the treaty is dangerously ambiguous and makes possible an uncontrollable transfer of sovareignty from national governments to Brussels.

A single European currency would signal the end of independent national economic policles, without providing a better curb on exchange rate instability than the European Monetary System as it is now, he argues. An independent European central bank would be dangerously unaccountable. France should hold out for a renegotiation.

Mr Séguin's vision of Europe is exactly in line with General de Gaulle's idea of a flexible community of independent states. "Yes, we want Europe, but upright," Mr Séguin told parliament in June, echoing a de Gaulle pronouncement on France's entry into the EC. The anglophile Mr Séguin's policies would go down well among many UK conserva-tives. Indeed, he once likened himself to the Tory wets.

Mr Seguin has no time for socialist ministers' warnings of economic armageddon in the event of a "No" vote. He recalls the time the French parliament rejected plans for a European defence community in 1954, despite jittery post-war predictions of armageddon. In the event, Europe grew up peacefully without a defence community, just as it will without Maastricht, he says.

Swedish premier makes a passionate plea to vote 'Yes'

By William Dawkins In Port d'Albret

MR Carl Bildt, the Swedish prime minister, yesterday warned that a French vote against European union could contribute to instability in central and eastern Europe.
"This is as important as the

years immediately after both world wars," said Mr Bildt, in an impassioned plea for a French "Yes" on September 20, issued at a youth meeting of the European Movement - a European lobby group - in southern France.

This is the first such appeal in France's Maastricht referendum campaign from a head of government of a country applying to join the European Com-

munity.
Mr Bildt was invited pre-cisely to drive home to French voters the wider impact of their decision, said Mr Jean François Poncet, former French foreign minister and president of the European Movement in France. Political and monetary union

in western Europe would pro-vide a stable model as an alternative to countries like Yugoslavia riven by "the forces of aggressive nationalism," said

Mr Blidt.
"If that alternative is not offered by a European union that works, these forces could well grow in power to the dan-

Until now, the European Community had grown up mainly to serve its own members' needs, from ensuring peace to dismantling trade bar-riers. External demands would take increasing prominence, so intensifying the need for increased security and foreign policy co-ordination, he argued. It was vital for Sweden to be part of a strong European union, because it did not want to be a "footnote country."

A French "No" would harden the small majority of Swedish unifer entires.

the small majority of Swedish public opinion currently against EC membership, though Mr Bildt believed opinion would swing back again by the time Sweden holds its own referendum in 1994.

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Ukraine aims to rebuild a community

Ethnic Germans are being urged to resettle, says Chrystia Freeland

100km north-east of Ukraine's efforts to create a multi-cultural nation. In contrast to the "ethnic cleansing" being conducted in the former Yugoslavia, the Ukrainian government is encouraging ethnic Germans expelled by Stalin to return to Chervona Volodymyrka and other villages in southern Ukraine.

In the two-and-a-half months since 34 ethnic German men arrived from northern Kazakhtan, a new neighbourhood of hlue, red and white caravans, provided by the German government, has sprung up on a Volodymyrka.

Sitting at a kitchen table in one of these spartan but immaculately clean caravans, Mr Alexander Grep, leader of the community; said that as soon as the water and electric-

A SECOND LANGUE OF THE PROPERTY OF THE PARTY OF THE PARTY



ity were connected 250 German families now in Kazakhstan would move in.

cation for President Leonid Kravchuk. When he enlivened a state visit to Germany last February with the announcement that Ukraine was willing to absorb up to 400,000 of the estimated 1.1m ethnic Germans in central Asia, the proposal seemed to be little more than a way to unstage the effer by. President Both Yelfain of Russia to create an autonomous republic for ethnic Germans on

the Volga river. But Ukraine has granted citiless of ancestry. He recently said "history has shown that ethnically-based nations are unstable... whereas a state in which all citizens are equal is a guarantee that we will avoid the sort of ethnic wars being

fought in Yugoslavia. Thousands of ethnic Ger-mans, worried by mounting antagonism toward Russianspeakers in central Asia, have taken Mr Kravchuk at his word. They are making plans to trek across the former USSR. to the fertile steppes of southern Ukraine, where Germans have lived since the 18th century when Catherine the Great recruited them as colonists. A few thousand descendants of the original colonists remain in the area, having

HE dusty village of Kazakhstan because of discrim-Chervona Volodymyrka, ination. Bonn confirmed this ination. Bonn confirmed this when it said this week that religious fanatics and nationalists were causing difficulties for ethnic Germans in former

Soviet Central Asia. But ethnic tension there is clearly a two-way street. "We want to live with whites," explained Mr Edward Ginsfa tor, a 25-year-old strapping long-haired, blue-eyed settler in Chervona Volodymyrka

from Kazakhstan. His leader, Mr Grep, visited the Volga region of Russia before choosing Ukraine. "The Volga republic is no homeland for me," he said. "It is a place where a man tells you to leave if he discovers you are Ger man. I don't want to fight

By contrast, Ukrainian regions are competing for the privilege of providing a new home for ethnic Germans. Initially targeted at the three southern administrative regions where Germans have the deepest historical roots, Mr Kravchuk was forced to expand the programme to include three other regions after local government officials protested that they, too, had the right to play host to the

Villagers in impoverished Chervona Volodymyrka, where horses are more common than cars, seemed remarkably willing to accommodate the Germans. Mr Grep described the local collective farm chairman as "a golden man" who has provided the settlers with everything from sheep and blanksts to three hot meals a

the time comes to allot the been promised, but for now the local farmers do not seem to resent the work they are doing to help the Germans move in One man, seconded by the collective farm to help connect the water lines to the German caravans, says that his sympathy had a personal thought, he is a refugee himself, forced to flee the war-torn Trans Dnestr region and return to his native

Mr Volodymyr Becker, depand coincidentally an ethnic German, is frank about another motivation of this hospitality, 'We are planning to move into food processing, said Mr Becker. "We hope that now the German government will come and invest in our

That could be the rub. Mo Ivan Hoffman, head of the German-Ukrainian Foundation which is co-ordinating the resettlement of cramped quar-ters in a Klev botel, would like Germany to lend the founda-tion DM2bn-DM3bn to supplement the Rhe500m already contributed by the Ukrainian

Although Mr Hoffman's price is a bargain compared with the Stalin's purges. grants in Germany, Bonn has The Germans in Chervona set aside only DM20m for the Volodymyrka said they left project in 1993.

Approach of winter gives added urgency to need for humanitarian aid operation in Bosnia

Timing critical as Yugoslav peace talks resume

By Judy Dempsey, East Europe Correspondent

YUGOSLAV peace talks, begun in London last week, reopen today in Geneva amid a growing sense of urgency about the need for a huge humanitarian aid operation before winter engulfs Bosnia and the Balkan eninsula.

If any of the agreements made in London are to stick, the conference which will be co-chaired by Mr Cyrus Vance. the United Nations special envoy to the former Yugoslavia, and Lord Owen, the European Community's mediator, will have to implement a timetable quickly.

Mr Ron Redmond, a senior official of the UN High Commissioner for Refugees, said yesterday that "several million dollars" was needed to provide shelter for the 2m refugees both inside and outside Bosnia.

"Roads and bridges have to be rebuilt in order for aid convoys to reach the towns and cities in Bosnia. Tons of plastic shelter in many of the homes which were bombed," he said. The aid programme, which

will be discussed in Geneva, will not envisage setting up safe havens, let alone sending the refugees back to villages from which they were forcibly

Tearful Bosnian refugees leave Zagreb by train for the Netherlands yesterday

deported by Bosnia's Serb faces another problem. Even if

"To be realistic, many people will be unable to return. They have no homes. They are afraid. The territory is controlled by Serb forces. The ethnic hatred is now too deep. Healing these wounds will be impossible," said Mr Redmond.

Western diplomats said yesterday that Bosnia-Hercego-vina had been de facto divided between Crostia and Serbia. despite a commitment from the London conference that its borders would be respected.

Royal Military Academy at "They will probably let con-

contenting themselves with many more aid convoys, backed by armed troops under making sure that the operation does not run smoothly sent into Bosnia, a western military expert said, Bosnia's

is evident. Indeed, after Bos-Serbs were likely to disrupt nian government forces regained control of the eastern "If intervention is limited to city of Gorazde earlier this the delivery of humanitarian week, Serb forces accused the aid, the Serbs will see little rea-UN aid convoy which reached son to modify their current the city last month of supplymethods for seizing and ing weapons to the city's cleaning the areas they claim," said Mr Charles Dick from the

As for the dispatch of international monitors to Bosnia's borders with Serbia, Croatia, yesterday abandoned their campaign to oust Mr Milan Panic, Yugoslavia's prime minister, after they failed to win the backing of President Dobrica Cosic, writes Laura

The failure to oust the Beigrade-born US busines was a defeat for Serbia's President Slobodan Milosevic and raises the stakes in the bitter power struggle between Mr Panic and Mr Cosic on the

The Socialists said their turnaround was conditional on the federal government and the prime minister accepting

tary experts said this would not have the slightest effect on

the fighting.
Given these obstacles, there is every likelihood that the refugee problem will increase, particularly if the war spreads to the Serb controlled province

"Sending monitors to these two regions does not address the problem," said a western military attaché. "How do we know that Serbia will not send the remnants of the Yugoslav army to Kosovo, while leaving [Radovan] Karadzic and the Serb irregulars to complete

no-confidence motion propos on Monday by the 68 deputies from the Socialist party and its satellite, the ultranationalist Serblar Radical party.

After three days of manoeuvrings, President of Serb unity, yesterday publicly lashed out at the no-confidence motion as a "half-baked and irresponsible

criticism" as a political

Key Serb politicians

themselves from the

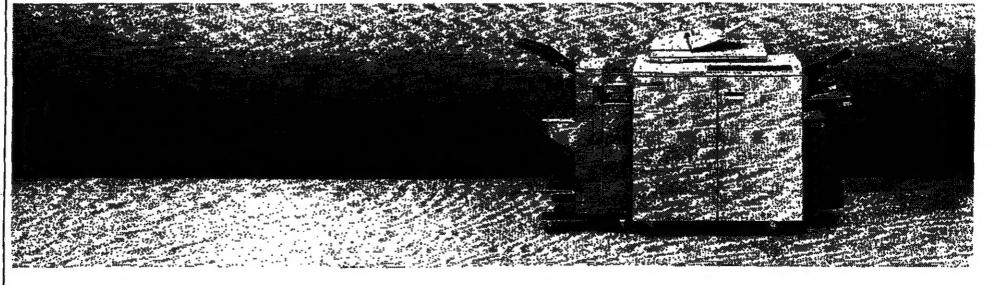
yesterday tried to distance

warning.

their land grab in Bosnia "The point is that the London conference agreements are not backed up by force. Any force would have entailed a massive military intervention backed by air and ground troops. And no western government is ready to go that far." Nato allies yesterday offered troops and other sup-port to the UN for protecting aid deliveries to Bosnia and around 6,000 troops under UN command would be best for the job, Reuter reports from Brus-



The newest name wasn't born yesterday.



Strike halts rail and air transport

By Chrystia Freeland

AN INDEFINITE general strike yesterday paralysed Ukrainian airports and railway stations, just as the counnational Monetary Fund. The timing provides a vivid

illustration of the contradictory pressures on the government, which is torn between workers' demands for more industrial subsidies and IMF insistence that Ukraine slash its bloated deficit.

Most Ukrainian air traffic controllers, many rail workers and some of the powerful coalminers' organisations heeded a call by the Association of Independent Trade Unions and took to the picket lines in an effort to force the government to grant the unions official

Most of Ukraine's airports were closed, and trains were halted outside many cities. Coalminers, potentially the biggest political threat to the government, participated less enthusiastically, bowever, with only 30-40 per cent stop-

Ukrainian officials said that in Washington today Mr Hry-hori Piatachenko, finance minister, was due to sign the documents which will formally admit the country to the IMF.

A Fund delegation yesterday concluded a visit to Kiev for Speaking on television, Pres

ident Leonid Kravchuk sounded a defiant note about the IMF. We shall act as an ident country and not just agree to any conditions put to us," he said.

Last month, in a letter leaked by Mr Vadim Hetman reformist chairman of the Ukrainian national bank, the IMF warned that unless Ukraine began to implement reforms it should not count on

an aid package. A Fund official said y day that there was still dis agreement between the national bank, which advocates belt-tightening measures, and the prime minister and president who are more inclined to yield to populist res for continued subsi-

Ukraine's government has dragged its feet on funday tal economic reforms while racking up a huge budget defi-cit which has driven down the value of its pseudo-currency, the coupon. It is hoping for a IMF stabilisation fund of \$1.5bn-\$2bn to shelter its long awaited new currency, the hryvnia, from the coupon's sorry fate.

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Refugee

record in

Germany

A RECORD 274,000 people have

sought asylum in Germany so far this year, the Bonn govern-

ment announced yesterday.

This is 94 per cent higher than the figure for the same period

with attacks by right-wing

extremists on refugee hostels

in several east German towns, including Markersdorf, Thurin-

gis, and Spremberg in Bran-

denburg. Several people were

arrested, but no one was

However, a Pole was hurt

when stones were thrown at

his car and that of two others

Poles while they drove through

the border city of Frankfurt on

the Oder.
Mr Rudolf Scharping, Social
Democrat premier of the
Rhineland Palatinate state,

called for the dismissal of Mr Rudolf Seiters, federal interior

minister. He said he must bear

responsibility for the backlog

of 400,000 asylum applications.

injured in the incidents.

Comit index at lowest since September 1985

Budget fears drive Italian shares down

By Robert Graham in Rome

THE Italian stock market fell 3.5 per cent yesterday, partly owing to fears of an even tougher budget for 1993. The Comit index fell 9.65 to 375.34, its lowest level since September 1985.

The government said in July that L83,000bn (£38.9bn) would have to be found in increased revenues and spending cuts to hold the public sector deficit to L148,000bn next year. However, it emerged this week that at least a L10,000bn extra would have to be found to cover the increased cost of higher interest rates which are in force to protect the lira.

As the government of Mr Giuliano Amato begins work on the 1953 budget, which must be presented to parliament by the end of the month, the senate has resumed its study of the four main structural reforms – in pensions, public health, regional administration and the civil service – proposed by the government in

It is planned to raise some L32,000bn next year through streamlining the civil service, delegating the first real powers to regional administrations to raise taxes, shaking up the inefficient health service and curbing Italy's exceptionally generous pensions system. Parliament is being asked to approve the broad principles of the reform and, by the mechanism of special delegated authority, permit the government to work out details.

Already, some 800 amendments have been tabled, 500 by the breakway communist grouping, Reconstituted Communism. Thus, if the end of the month deadline is not met or

parliament falls to endorse the reforms, the 1993 budget risks being undermined.

This possibility unnerved the

This possibility unnerved the stock market as did fears about the effect of austerity measures on an already stagnant economy, combined with the lira's continued weakness. Flat shares, also reflecting the drop in European car sales, fell 3.6 per cent to below L4.000 per share for the first time since

The stock market appeared to pay little regard to the one piece of positive news: preliminary inflation figures for August showing consumer prices up only 0.1 per cent. Inflation is now running at 5.3 per cent on annualised basis, and if the rate continues its steady fall since May, it could be below 5 per cent by the end of the year.

year. orld stock markets

Slovaks fear a costly divorce

Anthony Robinson and Ariane Genillard on break-up with the Czechs

HE "civilised divorce" agreed between Czech and Slovak leaders last week includes a currency union, tariff-free movement of goods and visa-free movement of people. But it has not yet tackled other contentious issues such as the co-ordination of foreign and security

policies.

A leaked "working text" of a draft treaty between the two republics drawn up by Mr Vladimir Meciar's party, the Movement for a Democratic Slovakia, before last week's meeting revealed that the Slovaks, who campaigned on a separatist platform at last June's elections, in reality still hanker after a broader, confederal "mion" with the Czech lands.

Mr Vaclav Klaus, the Czech leader, has made clear he favours a clean political break but note weight to a preserving the confederal of the structure weight on the structure of the structure

tavours a clean pourical break but puts priority on preserving an economic relationship which reflects the economic integration of the two states. While rejecting a broader, confederal relationship, the Czechs hope that the mutual interest in close monetary and economic co-operation will ensure that political independence does not translate into indifference or hostility.

The economic and political implications of divorce were underlined during a sobering meeting between Slovak economists and IMF and World Bank officials in Washington last month. They warned that divorce would be costly for Slovakia, where unemployment is nearly 12 per cent. This compares with under 3 per cent in the Czech lands, which have a more diversified economy and have attracted the bulk of foreign investment.

uary 1 Slovakia is expected to lose Czech subsidies of



Mediar: the Slovaks still hanker after broader union

between \$300m (£150.7m) and \$1bn annually. Divorce will also leave Bratislava responsible for re-shaping an economy dominated by energy-intensive arms and other heavy indus-

Slovakia also faces two major international problems inherited from the communist past. The first leaves Bratislava, the Slovak capital, to settle a dispute with Hungary over the Danube river hydroelectric complex and the second saddles it with handling Czechoslovakia's share in the Krivol Rog iron ore enrichment project in the Ukraine.

Prague, which decided to pull out of the Ukrainian deal earlier this year, has been trying unsuccessfully to privatise Czechoslovakia's share in a project, which will eventually produce iron pellets needed by the Slovak steel industry.

Czech negotiators say the prospect of divorce has injected a new realism into Slovak thinking and re-inforced pro-market economists there.

Faced with the phasing out of



Klaus: the Czechs favour clean political break

Czech subsidies, for example, the Slovak authorities have shelved plans to build a subway in Bratislava.

Instead they plan to invest in a new link-up with Austrian railways. A rapid rail link via Vienna airport would attract spillover traffic to the under-used Bratislava airport. It would also suit plans to establish tariff free manufacturing zones close to the Austrian border, similar to maguiladora plants along the US-Mexican border. Much however depends on Slovakia's ability to attract foreign investors, who were alarmed by the new government's decision to reverse privatisation of the Danubla printing house and take it back

under state control.

The prospect of independence has also led to a new look at the Slovak arms industry, hit hard by federal policies to curb exports and the end of the cold war. Mr Julius Toth, the Slovak finance minister, last month announced that, instead of converting military plants to civilian use, Slovakia

SLOVAKIA has taken one more step towards independence with the adoption by local MPs of a separate constitution for the republic, writes Ariane Genillard. Articles on creating a Slovak central bank and on the border with the Czech republic will be frozen until next January 1, thus avoiding any violation of the current federal constitution.

current federal constitution.

Czech and Slovak leaders recently agreed on constitutional steps to establish two independent states by the start

of next year.

The new Slovak constitution caused considerable controversy in Bratislava, the capital, and Slovak Hungarian parties walked out of the local parliament. Leaders of the ethnic Hungarian minority in the republic – 12 per cent of the population – have warned about the discriminatory nature of Slovakia's new

will step up its search for foreign markets while reducing the industry's capacity by 10-15 per cent annually over the next

For the leaders of both the Czech lands and Slovakia, however, the most important appointment before their divorce is their scheduled meeting with Enropean Community officials on October 5. On the agenda is the future of the EC Association Agreement signed last year with a federal State which is due to disappear on December 31.

The Czech side will be satisfied with assentially unchanged terms. But Slovakia, whose steel exports are particularly vulnerable to antidumping measures demanded by EC steelmakers, and is losing its former financial subsidies from Prague, is now in greater need of freer access to EC markets. Bratislava is hoping that Brussels will show, if not sympathy, at least understanding for the historical factors which pushed it to an economically disruptive divorce.

G7 silent on Russian rescheduling

By Leyla Boulton In Moscow

DEPUTY finance ministers of the Group of Seven industrial nations last week took no decision on Russia's request for a speedy rescheduling of the former Soviet Union's foreign debt of \$70bn (£35.1bn), postponing the issue to a Paris Club meeting which may be held within a few weeks.

In the latest Russian cry of anguish over difficulties in meeting debt payments, Mr Andrei Nechavey, the econom-

ics minister, said Russia would find it difficult to clean up arrears and return joint venture funds "frozen" in Vneshekonombank, which handles most foreign exchange busi-

"These funds were not frozen, they were spent a long time before by this government came to power," he explained. He promised however that the government wanted to issue five-year hard currency bonds for the holders of such funds. It was also serious about turning

some debt obligations into property; the proposition was tested yesterday by Philip Morris, the US tobacco-based conglomerate, which asked to be given office space in part repayment of outstanding debts owed to it by Russia.

Meanwhile, Mr Viktor Gerashchenko, the acting central bank chairman, said yesterday that Russia had just \$100m to spare for intervening to defend the ever weakening rouble. He also called for enterprises to be forced to sell all

their hard currency earnings to the state, instead of just 50 per cent at present. Compulsory sales of all hard currency revenues are a normal part of internal convertibility schemes used in other countries but have so far not been introduced in Russia.

Although Russia's export revenues amounted to \$2bn a month, Mr Gerashchenko said an average of only \$25m is sold every month on Moscow's fledgling official foreign exchange market.

Former Polish PM found murdered FORMER Polish Communist

FORMER Polish Communist Prime Minister Piotr Jaroszewicz was found tortured and hanged beside his wife's dead body in their Warsaw home yesterday in a macabre double murder, Reuter reports from Warsaw

An Interior Ministry spokesman told local radio that Mr Jaroszewicz, 82, was tortured and hanged, and his wife Alicja Solska shot dead with a hunting rifle in their isolated villa in the wealthy suburb of Anin. No motive was known.

Mr Jaroszewicz, a deeply

unpopular prime minister who was ousted in 1980 after 10 years in office, led a solitary life and refused the offer of a bodyguard. "It was quite macabre. The

perpetrator acted with premeditation — meaning he wanted to kill them," said a police spokesman.

The couple's concrete-clad

two-storey vills, in woods on the edge of Warsaw, was sealed off by police and a special commission had begun an investigation.

The police were seen using a

stretcher to carry away at least one corpse in a black plastic bag. A large rifle was also brought out, wrapped in a white sheet. Neighbours said Mr Jaro-

szewicz and his wife, a former journalist for the Communist party mouthpiece Trybuna Ladu, rarely received visitors and were wary of strangers.

Mr Jaroszewicz was last seen walking their dog on Monday.

Mr Jaroszewicz, a former army general and deputy prime minister from 1952 to 1970, was deeply disliked by the public as Poland fell deep into economic decline under

Gierek in the 1970s.

He was made a scapegoat for the government's economic failures — the main cause of Poland's present-day foreign debt problems — and forced to resign in February 1980.

He was expelled from the Communist party in 1981 and interned along with several dozen former Communist officials, when Prime Minister Wojciech Jaruzelski imposed martial law to crush the opposition Solidarity trade union led by Mr Lech Walesa.

When Solidarity ousted the

When Solidarity ousted the Communists in 1989, there were no reprisals. Most of the old leaders retired quietly from public life and none has been brought to trial.

"I know richer people around here, with better houses, so I don't think it could have been a robbery," said a neighbour.

strike brings power blackouts to Athens GREECE is being hit by daily nationwide electricity cuts for up eight hours due to the week-long strike by power workers, write

GREECE is being hit by daily nationwide electricity cuts for up to eight hours due to the week-long strike by power workers, writes Kerin Hope in Athens. The capital's electricity supply has been cut by 40 per cent with nightly blackouts in residential districts, industrial production is being seriously disrupted, and the Public Power Corporation warns that blackouts will become longer as more power stations shut down for lack of maintenance.

Genop, the power workers' union, is one of several public-sector unions protesting against a government plan to overhaul the state pension system and is threatening to continue its strike until the government modifies the proposed pensions law. The legislation calls calls for raising the pensionable age, increasing contributions and reducing special allowances

Refinery inquiry urged

Pressure mounted yesterday for an inquiry into safety standards at Greek refineries following Monday's fire at the Petrola oil refinery near Athens, Kerin Hope reports. Three workers died after an explosion in a cracking unit at the Petrolat refinery, near Eleusis, and another 11 were left in critical condition. The refinery, which produces naphtha and jet fuel, belongs to Mr John Latsis, a London-based Greek shipowner.

Call for Georgian peace-keepers

Russia has suggested deploying a peace-keeping force to end a separatist rebellion in Georgia as the two former Soviet republics tried to put together a peace deal yesterday, reports Reuter in Moscow. The Itar-Tass news agency quoted Russian Deputy Prime Minister Georgy Khizha as saying the question would be discussed at a meeting scheduled for today between President Boris Yeltsin and Georgian leader Eduard Shevardnadze. "The matter will be settled on September 3."

Future 'lies with gas'

Russia's nuclear power plants could be closed down within seven years and replaced by turbines using natural gas, an adviser to the Moscow government said yesterday, Reuter reports from Helsinki. Mr Alexel Yablokov, ecology adviser to Russian President Boris Yeltsin, told a Finnish parliamentary hearing that he believed gas turbines could take over from nuclear power plants.

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Negotiators may be softening their stand on farm subsidies

EC and US push for Gatt breakthrough

EC and US trade negotiators are engaged in a "final push" to achieve a breakthrough by mid-October in the Uruguay Round world trade liberalisation talks, according to a senior European Commission

He said "the political will is now there" on both sides to chart a way through the farm subsidies maze, which has held up conclusion of the Round since the collapse of the Brus-sels summit under the General Agreement on Tariffs and Trade in December 1990.

Both sides appear to be softening their position on farm subsidies, in the interest of getting the leading industrial economies moving again. Although the new negotia-

tions are being conducted in secret - it is not even clear where they are taking place -the official said agriculture and trade officials from Washington and Brussels began work yesterday on detailed formulae to resolve the two biggest differences. These are:

 The extent to which payments to EC farmers in compensation for the big price cuts agreed in May's reform of the Common Agricultural Policy will be exempt from the subsidy reduction called for in the Uruguay Round "final

• The extent to which the EC must cut the volume of its subsidised exports, as well as the amount of subsidy.

Negotiations are in a higher than expected gear following talks on Monday and Tuesday in Brussels between Mrs Carla Hills, US trade representative, Mr Frans Andriessen, EC external affairs commissioner, and Mr Ray MacSharry, EC agriculture commissioner.

The main public outcome of those talks was to put on ice until the end of this month a separate bilateral disputs over-oilseeds subsidies. The FS has held off from slapping punitive tariffs on \$1bn (£502m) worth of EC food exports in the knowledge that, as the Brus-sels official confirmed yester-

By David Gardner in Brussels paid to hopes of a Uruguay Round conclusion.

The official said a "headline agreement" on the Round had to be reached by about the middle of next month, both to incorporate an agreement on oilseeds and to have any hope of meeting the March 1993 deadline for expiry of the US administration's "fast-track" trade negotiating authority.
On the EC's compensation

payments, Mr MacSharry had insisted that since they are linked to output restraint farmers must take land out of production ("set-aside") to get them - they should be indefi-nitely exempt from the Gatt's prescribed subsidy cut of 20 per cent over six years. The US was only prepared to grant an exemption for six years if the target of 15 per cent "set-aside" was fixed in concrete, and if compensation was cut back

But Mr MacSharry is now understood to be willing to settle for a form of words which ensures that the "philosophy" that payments linked to production restraint should be exempt "is carried through into the next round" of subsidy negotiations six years hence. We want recognition of their contribution to international trade peace," the official said, "just as there is recognition for subsidy payments for environmental reasons."

On export volume, where Gatt requires a 24 per cent cut in addition to a 36 per cent reduction in export subsidies, the EC still insists on flexibil-ity within sectors. Under this formula the EC could export more wheat if it exported less barley, for example, provided overall cuts in grain sales reached the target.

The US wants pro-rata reducnons, especially since, under the EC's new farm regime, European wheat will become

more competitive.
The official said, however that this flexibility could be limited and detailed, and pointed out the EC would still be cutting output. "It is not beyond the bounds of possibility that we can get agreement



Sir Colin Marshall: deal is a good one



Giovanni Bisignani: still disparities

Aerospace Correspondent

BRITISH Airways' plan to invest \$750m (£376.8m) in a 44 per cent stake in USAir, the sixth largest US carrier, was described yesterday as "one of the rare defining moments" in avia-

tion history.
The move, if approved by the US government, is expected to accelerate the trend towards globalisation in the airline industry by intensifying cross-border mergers and acquisitions between international carriers.

But it has also unleashed a new transatlantic trade controversy which risks adding civil aviation to the already long catalogue of trade dis-putes between the US and Europe ranging from agricultural subsidies to government aid for the European Air-

The growing trade frictions between the US and Europe over civil aviation featured prominently at a Financial Times conference in London on world

aerospace and air transport.
Frictions have been heightened by
the current financial difficulties facing the airline industry, which is

made the system of bilateral aviation agreements between countries, which has governed the industry since 1946, look increasingly obsolete. There is growing pressure to replace it with a multilateral system between large trading blocks to promote open skies.

vice-president of United Airlines, said the BA-USAir deal could be a trigger for change. "The transaction holds the prospect of making enormous inroads in the protectionist thinking that still pervades much of the international aviation regime. Indeed, it could well be the lever with which to open Europe and the US to a free

competitive environment", he said. But he warned it could reinforce old trade barriers and trigger new ones as parties sought to preserve a competi-

Mr Lawrence Nagin, executive ments, including France and Germany, were moving in the opposite direction and warned the US would consider retaliating against countries erecting barriers for US carriers.

This could include constraints on traffic to the US moved by foreign carriers from destinations outside their home countries and a tougher stance on future tariff co-ordination. "Those who insist on using their sovereignty to constrain market growth artificially may find they have placed their carriers at a serious, pos-

Sir Colin said two significant obstacles continued to undermine efforts to create a more liberal and open skies environment. These were continuing state support enjoyed by government controlled carriers and the US Chapter 11 rule whereby bankrupt airlines were protected from creditors and thus able to continue operating.

Mr Frederik Sorensen, head of the EC's air transport policy division, said that, with the advent of a single European aviation market next year, it was necessary to formulate a Euro pean external aviation policy, including new external competition rules.

Such a policy should also take into account the potential conflict between the broad interests of the Community as a whole and the specific national interests of member states. The competitive position of European carriers would be enhanced if the Community could speak with one voice instead of being divided on external aviation policy, he argued.

But Mr Giovanni Bisignani, chief executive of Alitalia and chairman of the Association of European Airlines (AEA), said a common EC approach could only work if all EC countries were subjected to the same rules, including a similar fiscal regime.

"National legislation still shows a high degree of disparity, and market differences are evident in financial, fiscal, social and labour regulations, he said. The harmonisation of national legislation was thus of funda-mental importance for implementation of a single market, as fiscal differences could create just as large

BA-USAir deal 'could trigger change'

bus programme.

struggling to recover from its worst recession in 40 years and striving to adapt to an increasingly deregulated international aviation environment. At the same time deregulation has

tive advantage for flag carriers sibly irreversible, disadvantage in the through government regulations. United, along with American Airlong run," Mr Shane warned. lines and Delta Air Lines, the three largest US carriers, have pressed their government to block the BA-USAir deal unless they can secure greater access to the UK and European mar-

WORLD AEROSPACE AND AIR

TRANSPORT CONFERENCE

kets by negotiating a new bilateral aviation agreement with the UK. Both Mr Jeffrey Shane, assistant secretary at the US Department of Transportation, and the Earl of Caithness, the UK aviation minister, declined to discuss the current state of negotiations between the two coun-

tries on the BA-USAir deal. Mr Shane said the US was promo-ting an open skies policy and wanted to negotiate new liberal bilateral ments with European countries. But he noted some European govern-

But European speakers rejected the US position. Lord Caithness said US airlines continued to dominate their domestic market with large hub and spoke networks and enjoyed advan-

tages denied to foreign competitors.
Sir Colin Marshall, BA's deputy chairman and chief executive, said his airline's deal with USAir complied with existing US foreign ownership requirements and aviation policies. The reaction of the big US carriers "only served to reassure us that the agreement we have negotiated is a

good one," he added. If US carriers wanted to table new demands from the UK, they should be ready to provide commensurate concessions for UK airlines, including the relaxation of ownership rules.

distortions as state aid to airlines.

Washington cool on oilseeds 'progress'

By George Graham in Washington

US officials yesterday played down talk of progress towards a resolution of their oilseeds dispute with the European Community.

lrawn different conclusions on he outcome of talks between Mrs Carla Hills, US trade representative, and Mr Frans Andriessen, EC external affairs commissioner, in Brus-

Mrs Hills said after the meeting she had not agreed to any new deadline for resolving the argument. "I didn't agree to extend anything. We just said our patience had you its said our patience had run its course," she told the Journal

But officials said the oilseeds issue was only a minor point in Mrs Hills' meeting with Mr Andriessen, which was largely devoted to the Uruguay Round of talks to revise the General Agreement on Tariffs and Trade (Gatt).

to assure the EC that the US presidential election in November should have no bearing on the Gatt talks.

The US and EC appear still to be far apart on the oilseeds question. Although Brussels is willing to discuss compensation to US farmers for the seeds programme, which

Although some observers believe the US would be reluctant to impose the punitive tariffs it has threatened on \$1bn (£502m) of food and drink imports from the EC without the approval of a full Gatt ber 29, US officials maintain they already have the right to impose these sanctions.

Japan likely to meet car parts pledge

JAPANESE carmakers are likely to fulfil their promise to buy US parts because of the North America free trade agreement (Nafta) between the US, Mexico and Canada and higher than expected demand at home and abroad, Reuter reports from Tokyo.

In January the carmakers proposed buying \$19hn (£9.5bn) in US parts in the fiscal year starting April 1994.

Out of the proposed target of \$19bn, purchase for use at their US units will account for the greater part," said Shinji Moriyuki, of the Daiwa Insti-

For cars to qualify for tariff-free trade within Nafta, they will have to contain at least 25 per cent of parts procured from within the region. But out of the \$19bn target, only \$4bn

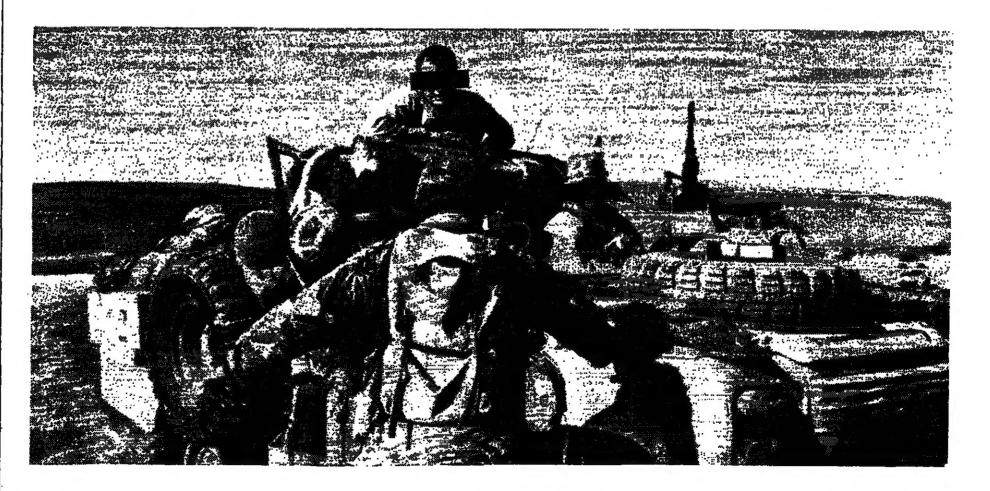
Brussels ends rod dumping investigation

anti-dumping investigation regarding wire rods sold in the EC and made in Argentina, Egypt, Turkey, Trinidad and Tobago and the Yugoslav republics, AP reports from

The Commission said in a statement that it has closed the inquiry following a deci-sion by the European Confederation of Iron; and Steel Industries (Eurofer) to withdraw its complaint against the countries.

Eurofer made the dumping charge on behalf of about 75 per cent of European Commu nity wire producers. Eurofer withdrew the complaint in August after imports of wire rod from the countries fell significantly. The product

How the SAS changed the course of the Gulf war.



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prevent Israel from being dragged into the war by destroying Scud missiles behind enemy lines.

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The Daily Telegraph

Collor loses support of vital party

he will need the support of

one-third of Congress, or 168 deputies, in a vote expected

He has been counting on the

120 votes of the PFL, since his

own party has only 23 mem-

The PFL leadership has been

under increasing pressure from

members to drop its pro-Collor

stance because of fears that its candidates will suffer in Octo-

ber's municipal elections. How-

ever, the party is a fierce oppo-

nent of Mr Itamar Franco, the

vice-president, who would take

office in the event of Mr Col-

Mr Hugo Napoleao, president of the PFL, said yesterday: "In the end we decided we had to

allow people to vote according to their conscience."

Mr Ibsen Pinheiro, the presi

dent of Congress, met political

leaders yesterday to create a

which will sit for 10 days to

discuss whether to approve the

If it does, Mr Collor will then have 20 days to defend himself before a congressional vote.

Income Tax Act which alleg-

edly discriminate against

same-sex partners in the appli-

efits to homosexual partners

could increase the cost of com-

pany-financed pension, insurance and health plans. The

decision stems from a complaint by a Toronto man

employed by the Ontario pro-

vincial government. He

objected to the government's

refusal in 1988 to include his

homosexual partner in its med-

ical insurance coverage.

cation of tax allowances.

Some experts predict that
the extension of employee ben-

30- to 40-member commission

later this month.

lor's ousting

Same-sex partners

to get equal benefits

By Christina Lamb In Brasilla

THE last pillar of support for Brazilian President Fernando Collor collapsed yesterday with the decision by the main progovernment party to free their congressmen to vote in favour of Mr Collor's impeachment.

of Mr Collor's impeachment.

The announcement by the Liberal Front (PFL) yesterday coincided with the publication of a poll showing that more than half the population thinks Mr Collor should quit over corruption charges. The poll, by loope, the official government polling agency, found that 69 per cent of respondents no longer trust Mr Collor and 59 per cent think that he should

The PFL decision was taken early vesterday after a meeting attended by four government ministers. Only one minister spoke in Mr Collor's favour and Mr Marco Maciel, leader of the government in the Senate, announced that he was quitting, compounding the president's isolation.

Mr Collor now seems unlikely to withstand the impeachment process set in

By Bernard Simon in Toronto

ONTARIO'S Human Rights

Commission has ruled that homosexuals are entitled to

their live-in partners' pension

and insurance benefits in the

same way as spouses in a het-

erosexual marriage. The landmark ruling is

expected to increase pressure on employers throughout Can-

ada to give equal treatment to

A Canadian public-sector trade union has launched a

complaint against the federal

of spousal benefits.

ruals for the full range

Justice department may drop BCCI case

By Alan Friedman In New York

THE BUSH Administration may decide on health grounds not to go ahead with the prosecution of Mr Clark Clifford, the 85-year-old former defence secretary who was indicted in July on criminal charges related to the collapsed Bank of Credit and Commerce Inter-

national (BCCI).

Mr Clifford and Mr Robert
Altman, his law partner and
protege, were indicated in New
York on charges of accepting
bribes, conspiracy to commit
fraud and misleading federal
bank regulators.

The Justice Department in Washington brought lesser charges of misleading regulators about the secret ownership by BCCI of First American Bankshares, the Washington

Although federal and state prosecutors have agreed that the New York trial should be held before Washington moves, a heart specialist has said Mr Clifford might suffer a fatal heart attack were he to stand trial. The Justice Department has said it might decide not to prosecute Mr Clifford for this

A senior US investigator noted, however, that the Justice Department's medical consultant had reviewed Mr Clifford's past medical records rather than Mr Clifford him-

Church files suit against FDA

The Church of Scientology yesterday filed a lawsuit against the Food and Drug Administration (FDA) claiming the government agency ignored proper scientific procedures in approving Prozac, Eli Lilley's antidepressant drug, writes Patrick Harverson from New York.

The suit has been filed by the Citizens Commission on Human Rights, a group controlled by the Scientologists, who claim the best-selling drug makes people suicidal.



Photocall: George Bush prays "for the people of Florida and Louislana", according to a White House official news release

Bush calls on power to dispense largesse

HERE are growing signs that Hurricane Andrew, unwelcome as it was for the devastated inhabitants of Florida and Louisiana, may in the end do no harm to the reelection campaign of President George Bush.

After a faltering and heavily criticised initial response to the disaster, both the president and his administration seem finally to be getting assistance to those rendered homeless and to businesses and farms that have been destroyed.

that have been destroyed.

In the process, Mr Bush has been able to call on the power of incumbency, the one asset denied his presidential rival, Mr Bill Clinton, who is to visit Florida today. This was brought home graphically by the president's announcement that Homestead Air Force base in Florida – a major local employer virtually destroyed by Andrew – would be rebuilt.

by Andrew – would be rebuilt.

His poignant and brief address to the nation on Tuesday night, committing the government to pay all the costs of emergency disaster relief and calling on all Americans to contribute to the American Red Cross, also struck the right sort of note. It was only his tenth such televised speech from the Oval Office, itself a testimony to the gravity of the situation.

Any political benefit to the president may yet be ephemeral and only a temporary distraction from an electorate more concerned about the state of the national economy. Much as the civil unrest in Los

The incumbent president may benefit from Hurricane Andrew, writes Jurek Martin

Angeles in April now seems a distant memory, so Andrew may fade in the public consciousness by November.

But, with Mr Bush constantly in the headlines – with two trips south inside a week – Mr Clinton has been left on the sidelines, able to do little more than offer sympathy and sotto voce criticism that the president's initial stumbling proved he cared more about Iraq than about his own coun-

First responses were certainly found wanting, specifically in the performance of the Federal Emergency Management Agency (FEMA) set up by President Carter in 1979 to handle disasters such as Andrew, FEMA has, under the Republicans, become the ultimate patronage backwater, with, according to one congressional study, entimes as many political appointees as the typical arm of government.

arm of government.

Its current head, Mr Wallace Stickney, is a New Hampshire political associate of Mr John Sununu, the former state governor and White House chief of staff. Contrary to its brief, but confirming a prescient recent report by a House committee that Mr Stickney was "unintar-

ested in substantive programmes" FEMA was caught completely unprepared by Andrew, resulting in unseemly disputes between state and federal authorities over who did what in bringing relief.

However, the arrival in Flo-

what in bringing rener.
However, the arrival in Florida of the military and the
assignment of special responsibilities to Mr Andrew Card, the
young and telegenic transportation secretary, is making a
difference. Also increasingly
evident is the hand of Mr
James Baker, now ensounced
at the White House.

It was Mr Baker who reshuffled the president's campaign schedule to make room for visits to the devastated areas and who pushed for a bigger role for the previously obscure Mr Card. It is also Mr Baker who is making the most of presidential powers to dispense largesse.

powers to dispense largesse.
Yesterday, for example, Mr
Bush flew to South Dakota to
tell farmers of an expansion of
the subsidised grains exports
programme and then to the
General Dynamics factory in
Tesas to announce the big new
F-16 fighter sale to Taiwan.
Both are, of course, intensely

Both are, of course, intensely political actions. Both involve federal subsidies, as does relief for Andrew, that run counter to Mr Bush's commitment to reduce the budget deficit. But both may be presented by a president as being in the national interest because they guarantee employment, which is what the election is in good measure all about.

California resolves two-month budget crisis

Jurek Martin in Washington

CALIFORNIA'S two-month-long fiscal crisis finally came to an end early yesterday morning when Mr Pete Wilson, the Republican governor, signed a \$57bn (£28.6bn) budget approved by the lower house of the state assembly.

The last and necessary capitulation by the Democratic controlled legislature was its acceptance of an education bill which allows the state's constitutional obligation to school funding to be suspended if, as may happen, the courts

find illegal a loan for current expenditure from future allocations.

Mr Wilson claimed victory for his long fight to produce a new balanced budget without recourse to tax increases in the face of a prolonged and deep recession. It was achieved by substantial cuts in state grants to health, education and welfare.

education and welfare.

Mr Willie Brown, the veteran speaker of the assembly, described the budget agreement as "a compromise, the best decision we can make tonight". He conceded that state-wide discontent with

the political process might mean that many legislators, already faced with new limitations on the number of terms they may serve, would be voted out of office in November.

The most visible consequence of the long stalemate was that the state found it necessary to issue \$3.2bn in IOUs to meet its payroll and other contractual obligations, the first time it has had to issue its own scrip since the depression of the 1930s. In recent days financial institutions had begun to refuse to honour these IOUs and a major closedown

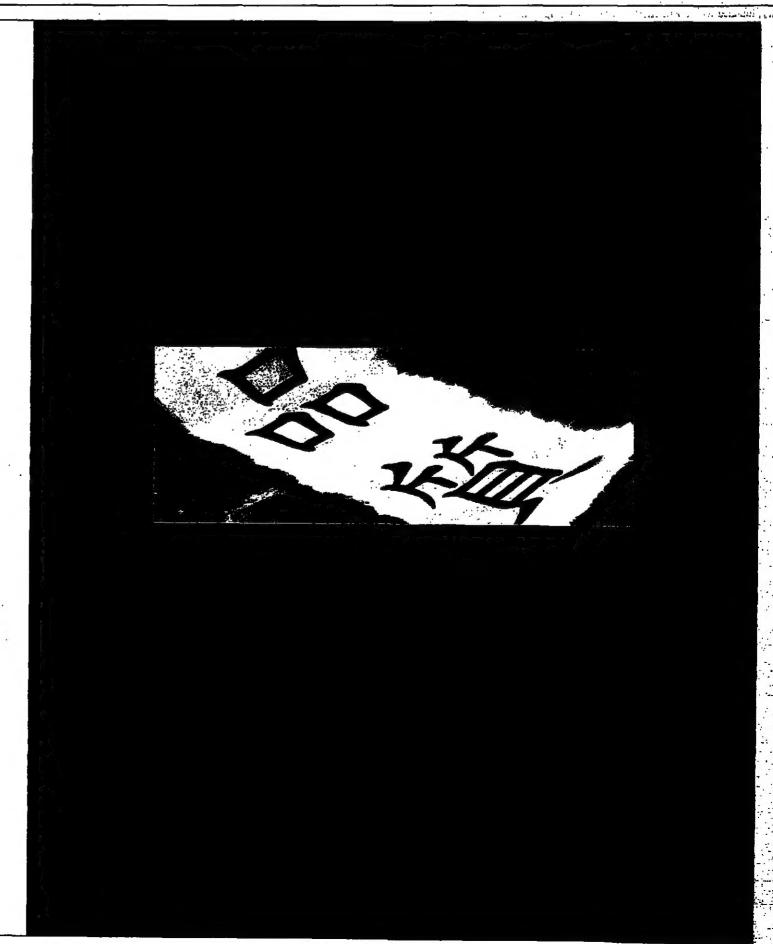
of state offices was being threatened.

The California battle has been the most dramatic and painful of countless others fought across the country. They are seen as harbingers of wars to come at the federal level, regardless of who is the next president.

Mr Wilson may not necessarily be the political beneficiary of the budget agreement. Mr Mervin Field, the veteran California polister, reports that voters blame him and the legislature alike and may vent their anger at his office as the budget cuts are felt.

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A lead

Court ruling puts Bofors case in doubt

By Shiraz Skihve in New Delhi

AN INDIAN court ruling yesterday virtually quashed the investigation into the Rs14.5bn (£256m) Bofors scandal after government agencies failed to establish that the Swedish arms company had bribed the Indian government to secure a big order in 1987.

The Delhi high court, in a 115-page judgment, quashed the complaint filed against Mr Win Chadha, then Bofors Indian agent, and granted reprieves to 13 others, includ-ing Mr Martin Ardbo, former ident of Bofors, and Mr G P president of Bofors, and Mr G P Hinduja, a British business-man of Indian origin.

The ruling also quashes requests by a special judge in 1990 to Switzerland and Sweden seeking co-operation in the investigation.

The judgment noted that the Central Bureau of Investiga-tion had failed to name a single bureaucrat or politician as an accused in the case, 31 months into the inquiry. Allowing a petition filed by Mr Chadha, the court held the investigation could "not be allowed to continue" against

Mr Chadha "on the basis of surmises and conjectures". The high court judgment comes at a time when the

pronounce its crucial verdict on the Indian government's request for access to information on Swiss bank accounts. which would reveal the names of the beneficiaries, if any, of the alleged bribes.

Authorised signatories of the six frozen Swiss accounts have strongly opposed the Indian secrecy laws. The Geneva court, which was to pronounce its judgment "any day now" would probably withhold it, according to the bureau.

The high court's judgment will damage the investigations abroad, bureau officials feared, but they say they will continne. The bureau will appeal to the Indian Supreme Court against the lower court's judgment "as early as possible". The Supreme Court is now

legally bound to give the Dubai-based Mr Chadha a hearing before disposing of the bureau's petition. Opposition leaders expres

scepticism that the Bofors inquiry would ever be fruitfully concluded with a Con-gress government in power. Mr George Fernandes, former cabi-net minister and leader of the Janata Dal, whose party had promised to punish those involved in the Bofors scandal, said the judgment was "a direct challenge to the

De Klerk predicts talks on constitution soon

SOUTH AFRICA'S President FW de Klerk predicted yester-day that stalled multi-party talks on a new constitution would resume shortly, as the trolks of EC ministers held their first day of meetings in Johannesburg simed at break-

ing the current deadlock. The team led by Mr Douglas Hurd, Britain's foreign secre-tary, lunched with Mr de Klerk and later met Mr Nelson Wand. ela, president of the African National Congress, Meanwhile, the ANC national executive continued to debate the resumption of talks for the

third day, in a meeting likely to last until late last night. It is expected to announce later today whether it will resume full-scale constitutional talks, or continue limited bilateral contacts. These have brought together Mr Cyril Ramaphosa, ANC secretary general, and Mr Roelf Meyer, constitutional development minister, to discuss issues such as release of remaining political prisoners and a general amnesty for spartheid crimes.

Mr Hurd stressed that South Africans would have to resolve the nation's political problems. "It's not for Europeans to come and beng people's heads together in South Africa."

Bush risks China's wrath with Taiwan jet sale

By George Graham in Washington and Luisetta Mudle in Taipel

US PRESIDENT George Bush yesterday wooed voters in Texas by announcing his decision to back the sale of up to 150 F-16 fighters to

But although the announcement provides a welcome boost to General Dynamics, whose Fort Worth plant manufactures the F-16 aircraft, it offers a perplexing reversal to some key elements in the Bush administration's established foreign

Since a 1982 agreement negotiated

the US has scaled down its arms sales to Taiwan. With Mr Bush in the White House, the administration has followed a policy that favoured closer ties to mainland China, in defiance of congressional pressure for tougher economic sanctions in response repression of political

Administration officials argued yesterday that the sale of F-16s, which will substantially upgrade Taiwan's ageing air force consisting mainly of 30-year-old F-5Es and 40-year-old F-5 fighters, is justified by the need to

in part by then Vice-President Bush, Russian sales of advanced Su-27 fighters to mainland China.

"I think this is an area where we have a legitimate interest in assisting Taiwan in terms of dealing with its security concerns," said Mr Dick Cheney, the defence secretary.

Beijing has not renounced the use of force against Taiwan, which has been home to the Kuomintang Nationalists since they lost the civil war for the mainland in 1949. However, one of the principal argu-

ments advanced by the administration for not breaking with China over its repressive policies is the need to

to sell its own weapons elsewhere in mation Council and a specialist in the world.

The real reasons for Mr Bush's reversal appear to lie more in the likelihood that Taiwan, whose plans to develop its own fighter aircraft have made little progress, would buy Mirage 2000-5s built by France's Dassault, and in the resulting loss of jobs in Texas, a state which is regarded as crucial to Mr Bush's chances of re-

election.

"Here is George Bush choosing American jobs over his foreign policy instincts. That's a shift," said Dr Natalie Goldring, deputy director of maintain a balance of power after encourage the Beijing government not the British American Security Infor-

arms sales.

Some US officials are worried that the sale might so irritate the Beijing government as to jeopardise even larger contracts in mainland China won by other US aircraft manufacturers such as Boeing and McDonnell

Others argue, however, that China is unlikely to react shortly before Congress's annual vote on the renewal of its most favoured nation trading status, and at a time when the US is threatening a wide range of sanctions in retaliation for perceived

Japan's cabinet power remains in kitchen

Political reputations are built on past favours and can survive bribery scandals, writes Robert Thomson

TITLES don't necessarily nese politics. The prime minister may be one of the weaker members of the ruling Liberal Democratic Party, while the most powerful politi-cians are often content to exercise their influence in the backroom, only occasionally surfacing to take positions of official authority.

As titles are no certain indicator of influence, resignations are no accurate measure of a decline in power. Mr Shin Kanemaru resigned last week as the LDP's vice-chairman, and yet he will remain the "kingmaker" and the "godfather", cultivating younger poli-ticians by furnishing the funds they need for election

By title, Mr Kanemaru is the most senior politician to have heen implicated in the Tokyo Sagawa Kyubin scandal, a still unfolding saga of massive pay-ments, reckoned to be Y520bn (£2.1bn), to politicians and government officials by ambitious executives at a parcel delivery

On Tuesday Mr Kiyoshi tions. Apart from stepping

Kaneko, the governor of Niigata prefecture north of Tokyo, also resigned, though he too is likely to remain a politician of importance, partly because of his strong local links and his personal friendships with Tokyo's party powerful, includ-The timing of these resign:

tions is convenient for the LDP coming, not surprisingly, after an upper house election in July in which the party was particu-larly successful. The Tokyo prosecutors pursuing the Sagawa case have a reputation for independence, but they also have a habit of intensifying their investigations in the wake of an election. Mr Kanemaru admitted that

his office had received Y500m from Tokyo Sagawa, though he claimed to have rejected an initial overture from the company and discovered, much to his surprise, that his office workers had accepted the money. And Mr Kaneko denied receiving funds, but was forced to resign after his office workers told prosecutors that they saw at least Y100m in Sagawa donadown from the official party post, Mr Kanemaru promised that he would resign as head of the party's largest faction. Having since been told by faction members that this move would "create confusion", Mr Kanemaru, in a characteristically vague and mumbled explanation, insisted that he would resign but said he dislikes "confusion" - meaning that he may remain at the

The departure of the two office-bearers marks either the real beginning or the possible end of the Sagawa scandal. Mr Kanemaru's admission that his office accepted Y500m means a possible breach of the Political Funds Control Law, which limits companies to donations of Y100m to one party or individual in a year.

if prosecutors pursue Mr Kanemaru over this payment and attempt to prove a viola-tion, it will be clear that the Sagawa scandal is far from over. The maximum penalty for a violation of the funds law is a hardly punitive Y200,000, but more significant would be Kanemaru, and the likelihood that other LDP leaders would be pilloried, delaying their turns at the top of government. And if the prosecutors are truly enthusiastic in the pursuit of Sagawa funds, they may find embarrassing links between the LDP and gangster groups. Ordinary Japanese take for granted that the party's far right has regularly done business with gangsters, but the illumination of murky links between mainstream LDP leaders and the gangs would

Mr Masaya Ito, a political commentator, said Sagawa offers a good opportunity to expose the gangster links, as employees of the parcel comnany appear to have acted as an intermediary between a gang boss and a leading LDP member: "This could be the first time we can clearly see this linkage."

A gangster controversy would not necessarily lead to substantial changes in Japanese politics, although a gangster scandal provoked unheaval in the securities



Kanemaru: still 'godfather'

ing prime minister, Mr Klichi Miyazawa promised that "political reform" would be a priority, but his predecessor, Mr Toshiki Kaifu, was dumped because he showed unexpected reformist zeal and because he forgot that titles do not confer power in the LDP.

The LDP's success at the upper house election means Mr Miyazawa is likely to serve out a two-year term, but the latest

inspire him to renew the call for political reform, which is intended to make politics less expensive and less prone to the

Sagawa-style scandals.

Making politics less expen sive means undermining the influence of the likes of Mr Kanemaru, whose authority comes from their long-term cultivation of younger, needy politicians.

Unless prosecutors launch a series of high-profile bribery cases, having established that Sagawa money was swapped for legislative favours, the scandal is unlikely to threaten the LDP's hold on power. Conveniently, the leading opposition party, the Social Democratic Party, is also implicated. Meanwhile, Komeito, the Clean Government Party, has suggested that all corporate donations to politicians be banned, a change that would certainly work to its benefit. The right-leaning Komeito receives funds through Soka Gakkai, a lay Buddhist group whose leader is perceived by his followers to be not only a "godfather", but a god.

Beijing lifts many price controls

CHINA has taken an important step towards liberalising the economy with the announcement that price controls have been lifted on 593 items and materials, ranging from soda ash to electrical machinery, ies report from Beijing. The move will allow producers, most of which are stateowned, to determine their own prices according to market con-

ditions. It reduces the number

by bureaucrats in Beijing to 89 from the 737 at the end of 1991. While the reform falls short of establishing a fully free market, it reflects how swiftly China has embraced a call in January by Deng Xiaoping, the paramount leader, for economic reform and faster

China yesterday raised its estimate for economic growth

of commodities directly priced during the first half of 1992 to a market is ample and retail 12 per cent annual rate. Zou Jishua, vice premier and head of the State Planning Commission, said the growth rate, up from an earlier estimate of 10.6 per cent and the original official 1992 target of 6 per cent, would require further reforms.

Despite fears that the growth will push up inflation and cause a boom-bust cycle. Zou said: "Supply on the domestic

prices are generally stable." The national price index rose by 4.9 per cent in the first half of 1992 against the same 1991 period, he said.

A State Price Bureau official. quoted by the official Xinhus news agency, said the latest liberalisation of prices "would not have too great an impact on the prices of consumer

Yeltsin set for China visit

By Leyla Boulton in Moscow

RUSSIAN President Boris Yeltsin will visit China in mid-December and India in January in a clear sign that Russia is beginning to pay much more attention to its Asian neighbours after initially concentrating on the west following the collapse of the Soviet Union. Mr Yeltsin's first presidential

America take him later this

visita outside Europe and

month to Japan, where he faces tough negotiating on Jap-anese demands for a return of the Kurile islands. He then travels on to South Korea, which has worked hard to build up an economic presense in Russia.

After a cooling under Presi dent Mikhail Gorbachev's perestroika, Sino-Russian relations are also getting warmer, with Russia actively negotiating fresh arms sales to China.

UN's plans anger Somali strongman

By Julian Ozanne In Bardere, Somalia

GENERAL Mohammed Farrar GENERAL Monament garrar Aideed, Somalias most power-ful warlord safe yesterday be opposed a United Nations Secu-rity Council resolution passed last Friday ordering the deployment of a further 2,000 bine berets in his country.

But he stopped short of past threats that he would strack armed UN troops who entered the territory he controls with

the territory he controls without his consent.

"This decision has been announced without consultation and without our consent and we believe it will not be constructive," he said in Bardere, 300km, west of the capital Mogadishu. "We believe we can selve the security studion by our own means.

He urged the international community to feed his gummen

community to feed his gunmen and help rebuild a police force instead of dispatching foreign troops to Somalia, where Mr. Douglas Hurd, the British foreign secretary, is expected tomorrow as head of a three-hour European Community fact-finding mission. Gen Aldeed conceded that some of his forces had been

involved in banditry and looting of relief food destined for starving civilians, including last Priday's chaos at Mogadishu airport where gunmen carried off 390 tonnes of food and 199 barrels of fuel. "They are hungry," he said.

Minutes away from the gen-eral's headquarters, hundreds of children are facing imminent death from starvation. Mothers struggled to gain entrance to the guarded gates of feeding centres where Someli relies workers dished out erret. ...

At a centre at a disused hospital three children and six adults died before noon yesterday. Their limp bodies, wrapped up in castaway sacks from bags of food aid, were

brought out and paraded before repulses. The UN World Food Pro-gramme this so far flown in four C-130 Hercules flights to Bardere carrying food. Another German arrorant was due to



Fran's President Ali Akbar Rafsanjani acknowledges applanse after his speech yesterday attacking the US role in the Middle East

US and Israel under fire at Jakarta talks

By William Keeling in Jakarta

MR YASSIR ARAPAT, chairman of the Palestine Liberation Organisalack of progress at the Middle East

The PLO had expected Israel to take tangible, practical steps to push forward the peace process. Alas, however, repression is still continuing," said Mr Arafat, addressing the summit of the Non-

Aligned Movement in Jakarta.

The PLO leader said proposals presented last week by Israel included "a project for local administration aiming at whitewashing the occupation" of Palestinian terri-

The role of the US in the Middle East was attacked by President Ali Akbar Rafsanjani of Iran, while Dr Mahathir Mohamad, the Malaysian prime minister, criticised the US-led "no-fly" zone in southern Irao.

Israel "have gained unprecedented and shameless presence in the region on the pretext of protecting Kuwait" and condemned "the continuous interferences" by the US in

Dr Mahathir said he was perplexed by the "no-fly" zone in southern Iraq, set up to protect the Shia community from attack by Baghdad. "Maybe there are a lot of Shias in America," he quipped.

Commenting on Yugoslavia, Dr Mahathir said the failure of western countries to intervene is "in stark contrast to the response to the alleged killings of Kurds in Iraq ... even when the evidence [of the killings] is not clear".

Some delegates fear Dr Mabathir's approach to north-south relations will undermine the appeal by Indonesia, chairman of NAM, for a less confrontational dialogue with indus-

for jailing Briton

Iraq faces protest

BRITAIN is to issue a stern protest to Iraq after the discovery that Baghdad has imposed a 10-year jail sentence on Mr Michael Wainwright, a Briton charged will illegal entry into the country.

The sentence, which the Foreign Office described as "totally disproportionate", follows the jailing last week of another Briton, Mr Paul Ride, 33, for seven years on the same

The detentions come soon after the start of British, US and French air force operations to police a "nofly zone" in southern Iraq and pro-vocatively recall President Saddam Hussein's policy of keeping westerners as "hostages" during the early months of the Gulf crisis in 1990. Mr Zuhair Ibrahim, who represents Baghdad's interests from the

Jordanian embassy in London, will

today "with some urgency" to receive an official protest at the septence and a demand that Mr Wain-wright and Mr Ride be released.

Mr Wainwright, 42, was arrested in April near Mosul in northern Iraq while on a cycling tour, but his detention was confirmed only last month after his family received a letter from him explaining his letter from min Cay Wainwright's plight. The scale of Mr Wainwright's sentence was learned at the weekend after he was visited by Red Cross

Mr Ride was arrested last month after having allegedly wandered into

Iraq from Kuwait. Both men were visited in Bagh-dad's Abu Graib prison last weekend by members of the International Committee of the Red Cross, who described them as "in good health and good spirits". A Red Cross spokesman said the pair appeared

UN says N-threat over

well treated.

IRAQ's nuclear programme has been "neutralised", the head of the latest United Nations weapons inspection team said in Baghdad yesterday. "It zio Zifferero.

Mr Zifferero, deputy director of the International Atomic Energy Agency (IAEA), said the programme had been rendered harmless both through the efforts of repeated UN inspection teams and by allied bombing during the Gulf war.

Mr Zifferero, who is heading the 14th visit to Iraq by UN nuclear inspectors, said: "We're completing our investigation of the (nuclear) on its nuclear programme.

programme and find no evidence of the programme being continued." But IAEA officials in Vienna emphasised that tough UN inspections of frag's nuclear-related sites and equipment would continue indefinitely. Officials said some equipment remained to be destroyed. while inspectors would also want to ensure that Iraq did not covertly resume work on developing its

nuclear potential The IAEA also says it has made no progress in persuading Iraq to reveal either the procurement network which gave it access to nuclear technology, or the identities of foreign experts believed to have advised Iraq

Bush presses Middle East leaders for more progress on peace

By Roger Maithews In Washington

PRESIDENT George Bush and Mr Lawrence Eagleburger, his acting secretary of state, will today complete a round of contacts with Middle East leaders aimed at accelerating the peace process when negotiations resume in Washington on Sep-

Israeli proposal for a 10-day recess so that the teams could return home for consultations.

When the sixth round of talks opened on August 24 it had been intended they would continue without interruption for a month. Mr Bush has been in contact from surgery, while Mr Eagleburger is seeing the heads of delegations.

All sides have been pleased by the improvement in the atmosphere at the talks following the election of a new government in Israel, but there has been little if any progress

tember 14. The four Arab delegations yesterday agreed to an who is in the US recovering is concern among the Arab delegates at what they see as the lack of involvement by the US

administration. Earlier this week the Palestinian delegation said its talks with Israel were at an impasse. Jordan complained that the Israelis had reneged on items that should appear on a joint agenda, while the Syrians said has again shown his disregard they had not yet seen an Israeli willingness to discuss "land for peace".

Israeli spokesmen have gen-

erally been more enthusiastic, especially about the talks with Syria.

Mr Yassir Arafat, the chairman of the Palestine Liberation Organisation, meanwhile

for American public opinion, following his support for Iraq during the Gulf war.

He has appeared at the Non-Aligned Movement summit in Jakarta hand-in-hand with Mr Taha Yassin Ramadan, one of Iraqi President Saddam Hussein's closest colleagues. • Jordan yesterday hailed a

Saudi Arabian ruler, to King Hussein as signalling a breakthrough in the countries' frosty post-Gulf war relations. Mr Mahmoud al-Sharif, Jordan's acting foreign minister, said the message had "created an opening in the otherwise frigid relations in the two

LONDON CITY AIRPORT

Mowlem plans to sell large airport stake

and Andrew Taylor

JOHN MOWLEM, the UK building company, is planning to sell a large stake in London City Airport, the loss-making airport in London's Docklands 90 per cent owned by the construction group.

Mowlem said yesterday it had received a number of approaches from potential UK and foreign investors interested in acquiring a stake in the airport.

Mowlem, which has appointed investment bank Kleinworth Benson to evaluate the offers, said it would be prepared to sell a controlling interest or a large minority

stake in the airport. It intended, however, to retain a substantial stake of its own in the venture. The decision to consider selling a large stake in the venture coincides with what Mowlem regards as a turning point in the fortunes of the Docklands airport.

This follows the introduction of let services at London City in April after the completion of a £5m extension of the air-

improvements in the road access to the airport have also made London City more attrac-

sengers a year.
Mr William Charnock, the airport's managing director, said about 200,000 passengers were expected to use the airport this year but traffic was forecast to increase sharply in

Mr Charnock said the airport expected to reach its break-even point next year. Mowlem has invested about £37m in the airport which opened in 1987. The asset is currently valued at around £20m in Mowlem's books. The company estimates the replacement value of the airport at about £50m.

Party calls for scrutiny of troubled companies

By Andrew Jack

BRITAIN'S opposition Labour party is pressing the government to improve the scrutiny of companies in financial difficulties such as Land Travel the tour operator which went

into liquidation in July. Mr Nigel Griffiths, Labour's consumer spokesman, yester-day urged the Department of Trade and Industry (DTI) to examine all company accounts | Porto, and the British clubs over which auditors express doubts. He also wants auditors to be required to notify the DTI of their concerns once

accounts have been filed. UK company legislation requires the accounts of all 1.1m limited liability companies to be examined by independent auditors each year.

The auditors include an opinion with the accounts which must be "qualified" if they have doubts about the financial information provided by the company or prospects for its survival. About 6 per cent of accounts were "qualified"

This information is available at Companies House, the government's corporate information agency, but there is no mechanism to detect incoming "qualified" accounts and no policy of scrutinising them.

Mr Griffiths is concerned that the DTI did not investigate Land Travel before its collapse, even though its accounts were heavily "qualified" and showed net liabilities over the previous two financial years.

The proposals met with a mildly positive response from the accountancy profession. Mr Bill Morrison, chairman of the Auditing Standards Board, said: "There might be a case for some kind of central accounts ombudsman. It would be a load off the mind of the

still operating below its break-even point of 400,000 pas-

the last quarter with the new

Mowlem says the decision to consider selling a stake in the airport was not driven by any halance sheet needs. A sale would not take place unless a satisfactory price could be achieved. Mowlem, while not forced to sell, would welcome the cash. The group like many construction companies has been bit hard by the recession in UK residential and commercial property markets.

ITV to show European soccer games

By Raymond Snoddy

INDEPENDENT Television (FTV), the UK commercial television network which lost coverage of the Premier League to British Sky Broadcasting, yesterday announced a multi-million deal to show exclusive live coverage of the group stages of the European Champions Cup.

The two-year deal should enable ITV to show games featuring leading European teams such as AC Milan of Italy, Bar-celona of Spain, Marseille, FC Glasgow Rangers and Leeds

United, In the European Champions Cup, to be known as the Champions League, the last eight teams will play in two groups of four to determine the final-

ITV plans to cover six games live and show highlights from other group games. There is also an agreement to show Leeds United's first two

No value was placed on yesterday's deal but it is believed to be worth around 25m.

Police probe Moslem World Finance

AN ASIAN businessman whose 'interest-free loan' dealings are being investigated by police following many complaints was the subject two years ago of a Bank of England injunction restraining him from taking deposits, it

merged yesterday. Moslems in many parts of England fear they have lost substantial sums invested in Bradford-based Moslem World Finance, whose interest-free loans seemed to satisfy the Koran's ban

on interest-bearing dealings. Company proprietor Mr Mohammed Ramzan closed his Bradford office and disappeared about a month ago, leaving behind many clients who claim he owes

HE BRITISH pavilion at

Seville's Expo'92, widely

acclaimed as its archi-

tectural showpiece, faces an

uncertain future. Government

officials and potential investors

are apparently unable to make

up their minds about what to do with it once the fair ends in

The government has faced

increasing lobbying from the

British Science and Technol-

ogy Trust, a charitable group, which counts Lord Forte, Lady Thatcher, and Lord Palumbo,

the chairman of the arts coun-

backing of senior management

at the 200 and the Department

But the trust has been

unable to raise the financial

backing for its project and has

said that it is unwilling to

meet any of the costs of the

Professor Paul Cook, the

trust's president, has argued

that the government should be

persuaded that the proposal

best served the national inter-

est as a home showcase for

British environmental technol-

ogy, as well as potentially belo-

of the Environment.

mid October.

A far pavilion

a better future

with designs on

Tom Burns and Jimmy Burns on

the legacy of Seville's Expo '92

Mr Ramzan consented to the terms of the Bank of England injunction obtained in the High Court in August 1990. A Bank spokeswoman said yesterday she could not say whether Mr Ramzan's subsequent business activities had been monitored nor why the injunction had been sought.

We are constrained in talking about our activities in supervision in relation to any specific individual or institu-tion," she said. She confirmed that Moslem World Finance is not, and never has been, an authorised institution under the Banking Act.

West Yorkshire CID have sent an initial report to the Fraud Squad. Police sources say inquiries are at an early stage but that the total sum involved is likely to be more than £1m. Mr Liagat Hussain, President of Bradford's Council for Mosques, said he feared the Islamic Party of Britain leader Mr David Musa Pidcock and a committee formed by 34 aggrieved investors, who deposited between £5,500 and £31,000 each, confirmed Mr Ramzan had

received lump sum deposits under his

scheme in 1991 and this year. The Central Register of the Securities and Investment Board said yesterday MWF's activities came to its notice in 1990. It decided it did not need SIB registration as it did not appear to be an investment business. SIB referred the case to the Bank of England, which regulates deposit-taking business.

Moslem World Finance appeared to offer Moslems a solution to their dilemma of trying to reconcile the prac-tices of Western financial institutions with the Koran, which forbids paymen

or receipt of interest. The company promised that investors depositing an interest-free lump sum for one year would then receive their money back, plus an interest-free loan of three times that amount, which could be used to pay off their mortgages. Some clients remortgaged their homes to raise the lump sum; several now face repossession. It is unclear how many people invested in the scheme. The telephone at MWF's office rang

unanswered yesterday. Earlier this week, Mr Ramzan rang the Telegraph and Argus, Bradford's evening newspaper, saying he was in fear of his life but he declined to be interviewed. Britain in brief



blamed for fatal crash

Driver error was to blame for rail cash which killed two and injured 542, according to an official repor

The accident happened in January last year when a com-muter train from Sevenoaks, Kent, hit the buffers at London's Cannon Street terminus Three days after the accident. tests on Mr Graham showed he had small traces of cannable in

his blood. The HSE said there was no firm evidence of a link between the "use of cannabis and the braking error. The report also said British Rail should replace its ageing Class 415 electric multiple units with new Networker units "as soon as possible".

Heads oppose pay scheme

Headteachers are opposed to the government's plans to introduce performance-related pay for school teachers, according to a survey published yesterday by the National Association of Head Teachers.

The survey, carried out by the independent Institute of Manpower Studies, showed that heads were almost universally very sceptical about performance pay, either at individ-

Bank staff to be balloted

Some 2.000 Manchester staff of National Westminster Bank are to be balloted on taking processed industrial action in protest at compulsory job losses. The executive of the Banking Insurance and Finance Union decided to ballot over what it says are 250 job losses in the past two months, including 70 ompulsory redundancies.

12 30 A 15 A 1

Promite and participation

Brel renamed

Brel, the train manufacturing in 1989, has been renamed ABB Transportation Ltd following the acquisition of a controlling stake in the business by Asea Brown Boveri, the Swedish-Swise engineering group, ear-

More tourists visit Britain

The number of oversees visitors to Britain grew by 12 per cent to 7.8m in the first six months of 1992, according to figures released by the British Tourist Authority. Their total spending also rose by 12 per

BBC chief to

the end of his contract, con-

Michael Grade, chief executive of Channel 4, is thought to have prompted media speculation that Sir Michael would retire early to clear the way for Mr John Birt, director gen-eral designate. But Sir Michael said he would remain director general until his contract

Sexual bias linked to age

males to blame women for

cil, among its trustees, to reloors Healey and Baker are cate the pavilion in the grounds of London Zoo. working on the department's behalf to attract firm bids from Lord Palumbo has also put around the world for the pavil forward a proposal to have the ion, which boasts a 70-metre pavilion sited next to the water wall as a facade and an Design Museum at Tower Bridge, in central London. Paul's Cathedral. There have also been approaches from Kent County Healey and Baker said Monsanto, the chemicals multina-Council - which wants the tional, was one of three groups pavilion near the Eurotunnei studying an acquisition that rail terminal at Ashford – and would keep the building on its from the National Energy present site as part of a future Trust based in Milton Keynes, north west of the capital. research and development park being planned on the Expo site by the Spanish government The British Science and Other national pavilions in Technology Trust project which would house an environ-Expo were built as temporary mental technology centre, and a three dimensional cinema, is structures or, in the case of Italy and France, as permanent understood to have the tacit

ing the zoo out of its present

the building is £Im. We are not

prepared to pay £1m. We want it given to us. It would become

a fantastic exhibition centre

which would stand on its own two feet," Professor Cook said. But the Department of Trade

and Industry, which paid £15m for the pavilion to be built by

Trafalgar House just over a

year ago, appears anxious to

strike a hard commercial bar-

In Seville, chartered survey-

gain over its disposal.

"We think the scrap value of

ones that will be maintained after the event by public money. Denmark managed to sell its stylish pavilion to a Japanese

group before it was even set up on the Expo'92 grounds. The sale, however, of the British pavilion is proving difficult partly because there is no a clear price for its transfer to the UK and partly because there is no clear guidance from

the Spanish government on fiscal incentives for the future R&D park Interested parties in the UK

are also faced with consider-

able additional costs involved in converting the pavilion's air conditioning and cooling systems, built for the Spanish summer, into central heating. An alternative energy supply for the water wall will have to be devised. At present it is powered by solar panels and the British weather would

reduce the familiar sheet of avoid the award-winning build-ing designed by Nicholas Crim-shaw being sold as scrap. ing tap. Healey and Baker has set a

guide price of £2m to £3m for the building and a cost £2m for its transfer to the UK. It has received no firm offers,

Building for the future: UK officials hope to find a buyer for the Expo attraction

Willis denies he will go soon

Under regulations agreed to

Pressure appears to be on to secure a solution that would

by all the participating coun-tries in the Expo, the five-sto-rey building will have to be knocked down if the DTI fails to dispose of it by the end of

Docklands 'secrecy' criticised

By Allson Smith

rounds.

ALLEGATIONS of excessive secrecy were levelled against the government yesterday over the planned move of department of the environment offithe big office development area down river from the capital's historic centre.

Mr Jack Straw, the opposition Labour party's environment spokesman, accused the government of suppressing reports about the state of the department's Marsham Street headquarters, and about the full range of other sites.

leave Marsham Street by the end of next year, and has pub-lished a shortlist of four possible new locations, including Canary Wharf, the centrepiece of the Dockland's development. In a letter to Mr Michael Howard, the environment secretary, Mr Straw contrasted the behaviour of the government in not publishing infor-mation with its stated policy of

"open government". Mr Straw drew attention to empty office space available in Westminster and around, both in the private sector and in ent buildings soon to be vacated, such as Alexander The department is due to Fleming House in south Lon-

mated 6,560,000 square feet of empty offices just in Westmin-

Unless the government was more open about the informa-tion on which it based its deciabout whether the balance of financial advantage was really as ministers stated.

"There is a nasty whiff around the Docklands move, was commercially confidential.

don.
There was, he said, an esti-

sions, there would be doubt

made much more pungent by all this secrecy," he said. The department said that some of the information had not been published because it

By David Goodhart

MR NORMAN WILLIS, TUC general secretary, yesterday denied reports of his imminent retirement but did state for the first time that he would not remain in the job until he is 65, in another five and a half years time.

Mr Willis said he would refuse to make any further comment before next week's annual TUC congress in Blackpool. The TUC is the umbrella body for most British trade unions.

Angered by newspaper reports speculating about his future he added that when he

did make a decision about his future it would not come from ure from the press". Mr Willis's comments, how-ever, will not dampen the spec-

ulation, fuelled by private comments from senior union leaders, that he is likely to go voluntarily or otherwise within the next year. The annual New Statesman survey on what trade union

leaders think of each other, published tomorrow, shows Mr Willis second from bottom of a list of 13 headed by Mr John Edmonds leader of the GMB general union.

The poll, compiled from replies from 36 union leaders

out of a possible 100, found only Mr Tony Dubbins, of the print anion GPMU, did worse than Mr Willis. The TUC, meanwhile, is

attempting to return full employment to the top of the political agenda and yesterday eased results of an opinion poll, by NOP, which found that 96 per cent of respondents said the achievement of full employment was either very important (83 pre cent) or fairly important (13 per cent).
The poll also showed that 55 per cent of respondents believed the government's cur-rent policies would never

achieve full employment.

Industry receives ammunition for battle on power prices

Renewed demands for cuts in the fossil fuel levy could increase the pressure on Nuclear Electric, writes David Lascelles

have recently warned that the

competitiveness of UK indus-

try could be harmed unless

HE rumbling debate about UK electricity prices focused on a new target this week: the fossil fuel levy.
The suggestion yesterday by

Professor Stephen Littlechild, the electricity regulator, that the levy could be phased out more quickly than originally planned will provide strong ammunition to industrialists who have been complaining that electricity prices are too high. But any decision about the

future of the levy will have to be made by the government, which is maintaining a cau-

on electricity generated by oil, gas and coal, and its proceeds go to subsidise power projects using non-fossil fuels such as nuclear power, wind and tides. This year it will amount to £1.2bn - equivalent to 11 per cent on the electricity bills of

every household and company in England and Wales. It is supposed to shrink by stages to £0.8bu in 1997.

Nuclear Electric (NE), the

state-owned company which owns and operates the 12 nuclear power stations in England and Wales, gets over 95 per cent of the levy. It uses it to create provisions to cover the future cost of decommissioning and rendering these power stations safe when they end their useful lives. This financial support is vital to NE's existence. In the financial year to March 1992, it

made a loss of 2783m, which the levy transformed into a profit of £482m. The levy is effectively a tax The fact that NE can now get its nose above water has prompted the levy's critics -

headed by large companies like ICI - to argue that the levy Prof Littlechild also believes

that a faster phasing out of the

Professor Stephen Littlechild, the electricity industry regula-tor, yesterday joined calls for a reduction in the 11 per cent "nuclear levy" on electricity bills, sparking a bitter row with Nuclear Electric, the

state-owned generator.

He proposed a "faster and more certain reduction" of the nuclear levy, which was imposed after privatisation of non-nuclear generators in 1990 to subsidise the higher costs of Prof Littlechild (right), direc-

tor general of electricity sup-ply, was addressing the Energy Intensive Users Group, a group representing large electricity consumers which

levy would put added pressure

on NE to cut its costs and

levy makes all the difference.

NE does not deny that the

make itself fully commercial.

prices are lowered. The DTI said Prof Littlechild was free to express his views, but reiterated that in discussions with large users on electricity prices it had made clear there could be "no question of public subsidies".

Mr Robert Hawley, Nuclear Electric's chief executive, wrote to Prof Littlechild on Tuesday night but failed to dissuade him from unveiling his proposals yesterday. In a strongly-worded protest, Mr Hawley called the move unjustifiable and untimely

But Dr Bob Hawley, its new and combative chief executive, stressed yesterday that he had already set the company the goal of achieving a profit withrun its affairs.



out levy by 1995. So Prof Littlechild's remarks were superfluous, he said, even assuming he had the right to tell NE how to

receive the levy once it is making a profit on its own. Dr Hawley says NE needs the levy to make provisions for the reactors it inherited when it was formed in 1990. The proftts, when they come, will be needed to make provisions for reactors still to be completed, like Sizewell B on the Suffolk If the levy is abolished, the provisions will still have to come from somewhere, most likely from public borrowing.

The main question is whether NE should continue to

The Treasury may prefer to keep the levy - which is effec-tively a hidden tax which few people even know about - to having NE's costs heaped on to

This suggests that the government may resist calls to get rid of the levy, particularly given its opposition in principle to handing out subsidies.

Any decision would also have

events looming on the energy front, notably the planned privatisation of British Coal this year, and a full scale review of the nuclear power industry in Removal of the levy could be good news for coal insofar as it

to take account of other major

would lower electricity prices and boost demand. But it might also put paid to the nuclear industry's chances of surviving the 1994 review.

Even so, electricity industry sources were saying that they believed Mr Michael Heseltine, the secretary of state for trade and industry, who now handles energy policy, may be more Prof Littlechild, it was

suggested, may even have made his remarks the sugges-tion of government officials in order to provide Mr Heseltine with a cue, though as an independent figure, he is free to say whatever he chooses.

Knightsbridge plan approved

A proposal for a new shopping and office complex covering four acres of Knightsbridge, central London, has been given planning permission. The developers believe the £300m project - comprising 308,000 sq ft of shops, 737,000 sq ft of offices and 27 homes - will appeal to retailers hoping to attract shoppers from Harrods, the nearby department store.

fulfil contract

Sir Michael Checkland, direc-tor general of the BBC, said he would continue in his job to trary to recent reports. Criticism of the BBC by Mr

Attitudes to sexual barassment depend more on age than sex, according to a Mori poll of mearly 2,000 adults.

Men over the age of 55 were more likely than younger

dressing provocatively; older women, meanwhile, tended to say women who had been harassed should have complained earlier, said the survey, commissioned by the GMB

MANAGEMENT: MARKETING AND ADVERTISING

t first glance, it seems odd that NutraSweet this week opted to sponsor the annual London marathon. After all, the company - which makes low-calorie sweeteners - has only ventured into sponsorship deals twice before, for tennis in the US and ice skating in Europe.

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NutraSweet's European operation
with its headquarters in Switzerland is a joint venture between the US company of the same name and Ajinomoto, the Japanese life sciences company. It started mar-keting its product in the UK in 1983. Ewan Currie, NutraSweet's marketing director in Europe, says the marathon sponsorship deal is partly a public relations exercise to mark a decade's trading in the UK.

But the drive to boost an aiready successful brand name is fuelled by increased competition on the horizon; marketing strategy is coming

NutraSweet is the brand name given to a combination of two amino-acids which, in contact with saliva, taste like sugar. Indeed NutraSweet claims its formula tastes more like the real thing than saccharin, cyclamate or other chemical low-calorie sugar substitutes. First developed in 1965, Nutra-Sweet gained US regulatory

approval in 1981, followed by UK approval in 1983. Since then the company, which in the US is owned by Monsanto, the agri-chemical giant, has ballooned. Now sold in 90 countries, NutraSweet is poised to take advantage of opening doors in leading European markets.

Currie bases his expansionary hopes on the experience in the UK; Gary Mead says that NutraSweet's decision to sponsor the London marathon is part of a broader strategy

Keeping us sweet in the long run

is about 20 per cent.

In Europe, the average person annually consumes 25-85 litres of soft drinks; in the US that figure is a huge 180 litres. Moreover, in the US 30 per cent of all soft drinks are low-cal and NutraSweet supplies almost 100 per cent of that market. The only other permitted sweetener in the US is saccharin, but all prod-ucts using saccharin are required by the Food and Drugs Authority to

carry a health warning.
In Europe, NutraSweet's upward path was blocked until this year; lew-cal soft drinks in Italy and Spain account for no more than 3 per cent of the market. Regulatory approval - in France in 1988, Germany 1990, and in Italy and Spain this year - is now opening the way for expansion.

In European markets where NutraSweet is available, it has proved popular, and to meet grownational brand in just over a decade, with \$900m (£452m) annual

turnover in 1991, \$85m of that in Europe. Market leaders in many countries now formulate products with 100 per cent NutraSweet, including Diet Coke and Diet Pepsi and Schweppes slim-line tonic. But that growth has been fuelled not just by a successful product. A variety of marketing strategies -

including placing the NutraSweet

logo on products which use it as an ingredient - has boosted both its brand profile and that of the main product. NutraSweet as an ingredient currently has its logo on more than 2,000 products internationally. Currie gives an example: "We gave a test group a sample. We poured half a can of Diet Coke in one glass and half of the same can in another and said here are two different versions of Diet Coke to

in 1991, 27 per cent of all soft drinks sold in the UK were low-cal, and NutraSweet's share of that market NutraSweet has become an inter-Sweet logo. Of course Diet Coke is a tremendously powerful brand name but even with that we can make a contribution to perception of the

> Thus Currie hopes that the £4m NutraSweet is spending on sponsoring the London marathon for the next two years will boost his company's brand profile and that of manufacturers which use it. Nutra-Sweet spends \$10m a year on pan-European advertising but backs that up with continuous consum research and samplings; the first UK television advertising campaign, in 1985, was supported by samples sent out to 8m homes. But NutraSweet is facing the

prospect of increased competition. The US patent on NutraSweet expires in December, and four other types of sweeteners are awaiting US Food and Drug Administration try'. The result was that 56 per cent approval - sucralose, acesulfam-

Best foot forward in the London marathon to fight off the threat of the increased competition on the horizon

ine-K, alitame and cyclamate, with the likelihood that sucralose - (by McNeil Speciality Products, a subsidiary of Johnson & Johnson) will gain FDA approval first.

There are two technological means by which NutraSweet could face down the competition.

One is the technologically tricky problem of finding an effective bulk-ing agent to use in chocolate and

from confectionery removes not just calories but also bulk. A less intractable area concern

baking. Manufacturers of baked products looking for low-cal ingredients to replace sugar find that baking separates NutraSweet's aminoacids, defeating the chemistry which lies behind its success.

confectionery. Removing sugar developing NutraSweet 2000, which Currie promises will be up to 20,000 times sweeter than sugar (agains NutraSweet's 180 times) and will not break down during baking, it needs to capitalise on its brand name while the competition gathers pace. Marketing initiatives - like the London marathon - are part of its strategy to stay ahead of the

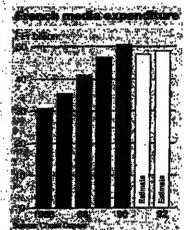
This is the most ludicrous pie legislation I've ever seen," said the head of one leading Paris advertis-ing agency. "It's a scandal," snarled another: "If this thing actually becomes law, it'll be a disaster, the industry will never survive,"

The object of their scorn is the apparently laudable attempt of the French government to crack down on business corruption, one of the first initiatives announced by Pierre Bérégovoy when he became prime minister in the spring. The first fruits of Bérégovoy's campaign were unveiled last week when Michel Sapin, his successor as finance minister, produced la loi Sapin, his proposals to stamp out dublous practices in a number of industries - including advertising. Sapin's sim is to clean up the ad

industry by making sure that advertising agencies and media buyers are thoroughly accountable

One target of la lei Sapin is

The creative department is brought to account French media agencies are fuming over efforts to clean them up, reports Alice Rawsthorn



anything from 20 to 50 per cent of the full price - from media owners and do not pass all, or any, of the money on to their clients.

Another is "double invoicing", whereby the agencies ask the media owner for two invoices one for the client, which does not reveal the discount, and a second showing the real value of the deal. The government's solution is to try to eliminate both practices by insisting that media owners are paid directly by the clients and sep-arating the functions of the media buyers, who book space for ad campaigns, and media brokers, who buy space and sell it on to their own clients.

To an objective observer this all seems eminently sensible. The French advertising industry has, after all, always had a slightly ris-

Undisclosed discounting and double invoicing have long been common industry practice. To some extent they are the predictable product of any self-regulated industry where large sums of money change hands. The big US and UK agencies are wont to be snooty about business standards in France, but similar practices are

rife in New York and London. Until recently, the French government was prepared to turn a blind eye. But the advertising industry has expanded so fast in the past decade and the scale of media buying deals is now so much bigger, that the authorities have en forced to act.

France is the world's fifth largest advertising market, worth just under FFr48bn (25bn) last year.

lation drive which has included the privatisation of TF1, the biggest single station, the creation of three new private channels, as well as the development of a cable and pay-TV network. The press has also been expanding.

een expanding. This has made media buying more complex and more competitive, thereby enhancing the poten-tial to play one media owner off against another through negotiation. A new breed of specialist media buyers has emerged, notably Carat, which has built on its original base in France to become Europe's biggest single buying group. Other large agencies have responded by joining forces to pool their media buying.

French media buying is now dominated by four players - Carat, the Euro: RSCG agencies and two

agency consortia, PMS and The Media Partnership - with a collective market share of 70 per cent. The emergence of these big buying groups has intensified the pressure on smaller agencies, as well as on

the media owners. The government's first resp was to initiate an inquiry into the media buying system by the Con-seil de la Concurrence, the competition authority. The conseil delivered its preliminary report earlier this summer and is expected to produce final proposals within the next few months. La loi Sapin is an unexpected addition to the legisla-

tive changes facing the industry. The large agencies and media buying groups are furious. Delega-tions of fuming advertising execu-tives have already complained to the finance ministry. Publicly the

loi Sapin. Privately they accuse the finance ministry's proposals of everything from failing to understand the mechanics of their business, to being an unwarranted intrusion into their affairs.

Some of the complaints are justified. The division between media broking and buying, for instance, may be difficult to implement. It is not clear how the government pro-poses to structure the new system whether broking and buying would be conducted by completely separate companies, or if they could be executed by different subsidiaries within the same group. Sapin's proposals are similarly ambiguous in the details of imple-

menting other measures.

In other respects the advertising industry appears to be attempting to defend the indefensible.

It remains to be seen whether the government will heed the industry's objections. La loi Sapin enters its second stage on Wednesday when it will be discussed by the French cabinet, followed by a full

BUSINESS LAW

EC merger regime defies expectations of critics

By Rachel Brandenburger

he European Commu-nities Merger Regula-tion is almost two years old and the European Commission has received over 100 applications for clearance under its provisions. What lessons have been learned so far?

The processes are working well. Before the Regulation came into operation, the business community and lawyers alike were highly sceptical as to whether the Commission could transform itself from the slow, bureaucratic body it was perceived to be into an organisation capable of dealing with the fast-moving timetable of a

takeover or merger.

The Merger Task Force—
the newly created unit within
the Competition Directorate
(DGIV) dedicated to merger control - has confounded the critics. It has shown itself capable of adhering to the tight timetables laid down by the Regulation.

The task force operates an open-door policy, encouraging parties to a proposed merger and their legal advisers to discuss their proposals with task force officials "early and often". Liaison between the Commission and the competi-tion authorities of the member states appears to be working

The Regulation is proving benevolent to mergers. They are being reviewed solely against competition criteria rather than wider social policy issues. Only nine of the clearance applications have gone to the full investigation stage and, of those, only one -Aerospatiale/De Havilland -

has so far been blocked.

While generalisations are difficult at this early stage, it is interesting to speculate about whether some of the results would have been the same if the transactions had been reviewed by the domestic competition authorities instead of by the Commission.

All in all, few of the difficulties anticipated at the outset have materialised. While the task force has not been tested to the extent that it would have been if the Regulation had come into operation a couple of years earlier - at the height of the late 1980s' takeover boom - it is, nevertheless, interesting that its achievements are having a spin-off effect on the rest of the Competition Directorate.

Sir Leon Brittan, the EC competition commissioner, recently announced that he was considering the introduc-tion of accelerated procedures for cases, particularly joint ventures, under Articles 85 and 86 of the Rome Treaty, similar to those under the Merger Reg-

But there are some difficulties. One relates to determin-ing which types of joint ven-ture are "mergers" within the scope of the Regulation (for example, Thomson/Pilkington) and which are non-mergers coming within Articles 85 and 86 of the EEC Treaty (for example, Apollinaris/Schweppes). Knowing a merger when you see one may be an inevitable starting point, but revised guidelines from the Task Force would be helpful.

Another difficulty relates to determining whether the Regulation applies to a particular transaction. Sir Leon has said that "the Merger Regulation provides an excellent example of how subsidiarity can be put into practice...the allocation of jurisdiction- between -the dission and the member states is clearly based on this

Whatever the theory, answering the practical question of whether a transaction is above or below the relevant thresholds is often not easy. Sir Leon's suggestion that there should be one notification form which could be filed with either the Commission or member state authorities is, perhaps, recognition that identifying the correct "shop" in which to "stop" may never be entirely easy. Some generally applicable guidelines from the task force would also be appro-

Reflecting the concept of subsidiarity, the thresholds are intended to bring within the ambit of the Regulation only Community-wide (or, at least, cross-border) effects, leaving the Regulation applied to Du

those mergers which have an impact on only one member state to be scrutinised by the competition authority of that member state.

Thus, the Office of Fair Trading examined Lloyds Bank's interest in Midland Bank while the Commission looked at Hong Kong and Shanghai's bid. The Regulation can also apply in some unexpected situ-

 It can apply even though neither of the parties to a trans-action has headquarters in the EC. So long as the aggregate worldwide turnover the parties to the merger exceeds Ecu5bn (£3.62bn) and the aggregate ECwide turnover of each of at least two of the parties exceeds Ecu250m, the Regulation will apply to the transaction (unless each of the parties to the transaction achieves over two-thirds of its EC-wide turnover in the same member

Thus, the Regulation applied to, for example, Mitsubishi's joint venture with Union Carbide, Matsushita's acquisition of MCA and AT&T's bid for NCR.

Conversely, the Regulation

can apply even where both of

the parties to a transaction are based in the same member state as in, for example, Steetley's proposed joint venture with Tarmac and Thorn EMTs acquisition of Virgin Music.

The Steetley/Tarmac decision also illustrated another form of subsidiarity under the Regulation. If the Commission considers that the merger in question related to a "distinct", rather than an EC-wide, market, it can "refer" the transaction to the relevant member state's competition authority rather than examine it itself. Thus, there was a reference to the UK Office of Fair Trading and Monopolies and Mergers Commission in Steetley/Tarmac (bricks and clay tiles) but not in Thorn EMI/Virgin Music

(music). • The Regulation can also apply where only one of the parties to the transaction has its headquarters in the EC prothose mergers which have vided the thresholds summarised above are reached. Thus,

Pont's acquisition of man-made fibre businesses from ICI and to Nestle's bid for Perrier (although both purchasers are Swiss companies)

Nestlé's bid for Perrier is likely to be remembered, however, for a different reason recognition that the Regulation applies to oligopolistic (or collective) dominance as well as to single firm dominance. The Regulation does not

expressly mention the concept effectively, a presumption that competition is inhibited in a market with only a few players - although the concept is recognised, to varying extents, in German merger control law (Oligopolmarktbeherrschung) and in UK monopoly control law (complex monopoly).

in Thorn EMI/Virgin Music, the presumption was rebutted. The Commission noted that, although the Thorn EMI/Virgin Music market share would be less than 25 per cent in nearly all member states and in the EC as a whole, the industry was highly concentrated with the top five companies (includ-ing Thorn EMI post-merger) having an 83 per cent EC market share. But, after an initial examination, the Commission cleared the transaction on the basis that the merger could not fundamentally change conditions of competition in the

In Nestle/Perrier, by contrast, the Commission concluded that the elimination, as a result of the merger, of Perrier as a competitor in the mineral water market in France and the resulting duopoly employed by Nestlé and BSN would have significantly impeded competition. The conditions accepted by Nestlé to secure clearance from the Commission are designed to create an independent third force in the market.

With collective dominance firmly on the Merger Regulation map, there are likely to be implications for merger activity in a wide range of highly concentrated industries, not least recently privatised industries in the UK.

The author is a member of the competition group at City solici-tors, Freshfields.

Cailing The Banks Account.

In a week when the talk is of bank charges being reintroduced, this Saturday's FT takes a hard look at the options for people who feel that there should be another way.

No Weekend FT...no comment.



BILL LORENSEN takes a scalpel, cuts into the face of the deformed teenage girl, peels away the skin around her eyes to reveal bone, and quickly proceeds to re-align her eyes no longer protrude abnormally

The scalpel is only electronic, and the three-dimensional face is merely portrayed on a television monitor in the computer graphics laboratory at General Electric's corporate research and development centre in Schenectady, New York.

But the techniques Lorensen is demonstrating were used in just such an operation by cranial facial surgeons in a Boston hospital who have been experimenting with new GE equipment, hot off the laboratory bench, designed to help very long and complex medical proce-

Advanced GE body scanning equipment, combined with the laboratory's computer graphics techniques, allows surgeons to construct three-dimensional images of patients and then simulate the cuts needed to perform successful operations on them.

This is just one small example of the way in which GE, one of the largest and most diversified companies in the US, is addressing two fundamental issues facing businesses with large R&D staffs:

 How do you make your scientists, who may be happier advancing pure human knowledge, perform work which is relevant to the company's business, boosting the bottom line?

 And, in the case of a diversified business like GE, how do you get laboratories in different scientific disciplines to co-operate, making the product as a whole more valuable than the sum of its parts?

Lorensen's work involves close co-operation between the graphics laboratory and GE's applied physics lab, which has responsibility for maintaining the company's lead in medical diagnostic imaging, gained through its development of computed tomography and magnetic resonance scanners.

His job also involves working hand-in-hand with GE Medical Systems, the division which sells the imaging equipment, and the hospitals which buy them, like the one in Boston.

The Schenectady centre, one of the largest and most influential R&D bases in corporate America, dates back to the start of the century and employs just over 1,000 scientists and technicians. Its long list of successes includes the invention of the modern medical X-Ray Martin Dickson describes how General Electric has co-ordinated its research labs so they produce more commercial products

All for one and one for all



GE's R&D Total effort exploratory effort External contracts Energy Productivity Advanced electronics Internal contracts with the 13 GE Environment

turing industrial diamonds and development of the world's leading computed tomography scanner.

GE's operating divisions also have their own large R&D facilities, but about 30 per cent of all the group's patents and some 50 per cent of its technical papers are generated at Schenectady.

Its broad sweep of current R&D includes: a computerised design tool that runs other computerised design programs to find the optimal solution to problems; the application of fuzzy logic, or smart con-trols, to consumer electrical goods; and the use of computer-based analysis to reduce risk in GE's large financial services business.

However, the centre has gone through a big shift of emphasis in recent years. Walter Berninger, who heads the engineering physics research centre, says that 20 years ago there was far more of a focus on pure research. About 10 years ago came a demand for greater relevance to GE's operating businesses while the emphasis now is on both revelance and importance - with the latter measured in terms of

Much of the shift is due to Walter Robb, who has headed the centre since 1966 and before that spent 13 years as head of one of GE's business success stories - the medical systems division which is now the world's leading producer of diagnostic imaging equipment.

Robb has made two important structural changes. The first is in the way the centre is funded. Under the old system, GE's various operating businesses paid Schenectady a fixed annual assessment, or tithe, based on the size of the business This money went into a central pool and it was up to the centre to decide bow to spend the sum.

The system was frustrating for both sides. The businesses saw no connection between what they had paid and what the laboratories did. while the centre often complained of businesses sitting on commercially applicable patents it had developed. Robb sharply cut the tithe paid by the businesses and now applies this smaller pool to fund more high risk, so-called "exploratory" research which may or may not find a practical application one day.

However, any work going beyond the exploratory area now has to be financed 100 per cent by a business out of its own funds. The result is a closer watch by a business on how its money is spent and a concern on both sides to ensure the results can be rapidly commercialised.

"It is very rare now that a programme is in the applied development area and is not tied in on the critical path of a business's product plan," says Robb. "They have limited dollars and they are trying to spend them on things that are going to be important."

The second change, linked to the first, was in the way the centre communicated with the various businesses. It previously had a group of full-time lisison managers, each of whom looked after several

Robb replaced them by assigning senior Schenectady figures - the managers of the various laboratories - to spend part of their time being the centre's rep with a single business. The rep gathers ideas from all the centre's laboratories for research which might help his cli-

which he pitches to the business. "He is to some extent a sales man," says Robb. "He comes back from the business with a commitment to fund a certain number of

ent business and each spring he

puts together a funding proposal

The result has been much closer links between the two sides, with, for example, the Schenectady manager invited to the business's planning sessions and staff meetings. There are also substantial finan-

cial incentives underpinning this co-operation. The more funds a researcher can attract, the more chance he has of getting his ideas patented and into products. The centre gives an extremely modest \$400 (£200) reward for a

patent, but an individual's salary depends in part on performance. Schenectady now also grants reseachers GE share options for out-

standing work.

A feature of the annual performance review of senior managers is how many products their operations have "transitioned" - an ugly piece of slang, often heard in the centre, which means transferring an idea from the laboratory to the market-

Michael O'Mara, who runs the chemical research centre, says Schenectady scientists no longer throw an idea over the wall to a business division, sit back and say 'my job is done".

People see that if you want your baby to be successful in the market place you have to take on more responsibility." This attitude has been reinforced by a more general GE philosophy encouraged by Jack Welch, the group's chairman, who aims to create a "boundaryless" organisation to cope with the business challenges of 1990s. His idea is both to cut out unneccessary layers of bureacracy and also to foster the free flow of ideas around the vast

Robb says Schenectady has always been pretty boundaryless itself, sharing ideas between labs, but it has now become much more open in exchanging ideas with GE's businesses. In turn the businesses are now less suspicious of the cen-tre: "They are prepared to come here and tell us what they are working on, and how much money they have to spend on it, and what the price objective is."

Robb points out that some 40 per cent of the centre's patents and technical papers are produced in co-operation with people in the businesses, while about 75 per cent of the business ideas it puts forward find their way to a commercial application.

Some 40 to 50 per cent of its patents and papers involve teams combining more than one Schenec-tady laboratory and Robb believes that this is the way of the future, with more and more advances being made by combining two technologies. However, he also reckons that the biggest breakthrough facing Schenectady is not going to be in any particular technology but in research productivity

Computer capability is on the way, he says, which will allow the centre to "model, or simulate, practically every laboratory experiment that we will contemplate doing . . . even making a metal alloy."

That, in turn, will increase GE's general business productivity by cutting down the cycle time of new product development. And this, management gurus aver, is a key factor for business sucess in the

Couriers take the IT route

That company report you need so urgently for this afternoon's meeting is winging its way from the New York office. It's in the hands of an international courier company and you expected it an hour ago.

International couriers have real-ised that customers can no longer be wooed by claims that "no mountain is too high" - as DHL's UR advertising campaign says. "Couri-ers now have to offer the reliability customers may not be getting from their national postal services, as well as speed," says John Mullen, chief executive officer of TNT Worldwide Express.

To provide high-quality service. couriers have adopted package tracing systems. One of the most advanced has been developed by federal Express, which supplies its drivers with hand-held computers called Dads (digitally assisted des-patch systems) to deliver between 2m-3m items every day in the US.

FedEx drivers are told where their next pick-up will-be and the easiest way to get there via the Dads display. The advantage of this system is that collections can be made on an ad hoc basis throughout the day.

The driver scans the computer barcode label on each package and enters the details of the final destination into a hand-held computer. The information is transferred to the mainframe computer in FedEx's Memphis headquarters via a satellite link and is then accessible to

FedEx bases throughout the world. DHL, with the largest global network of all, employs a similar system which assists in the delivery of more than 60m consignments annually. DHL has now upgraded the service to give customers the option of linking into the network from their own offices.

DHL's package, called EasyShip, will give high-volume users the option of having a Compaq PC, two printers, an electronic weighing scale, a barcode scanner and a modem installed on their premises

Drivers at United Parcel Service are also supplied with a hand-held PC, known as Diad (delivery information acquisition device), which not only transfers collection and delivery information into an international mainframe, but also stores the recipient's signature as proof of

Joyce Dundas

PEOPLE

Abbey's changing habit

director, steps across to

become group treasurer, while Gareth Jones, 43, the man who

set up Abbey National's highly

profitable treasury, becomes

director of retail operations,

reporting directly to Bayliss, in

a move that suggests the two

men are being groomed as pos-

sible successors to Peter Birch, Abbey National chief execu-

tive. They may have to wait a while, as Birch is not 60 until

Peter Burton, 42, (right) is pro-

moted to general manager, one

level below the main board. He

will continue to be in charge of customer administration - but with the job upgraded in recog-

nition of its increasing impor-

tance, according to the society.

Huw Alderman, 42, who has

been head of corporate plan-ning, is made head of financial

services - in turn no longer a

general manager level appointment, since the financial ser-

vice activities are now inde-

pendent subsidiaries each run

Michael Jennings, 39, previ-

appointed head of estates and

ously estates controller, is

a managing director.

A significant shake-up at the tee, and will continue to run top of Abbey National is under way nearly two years ahead of the retirement of John Bayliss, the man who, as managing director for retail operations, has powered ahead with the main business of the building society turned bank for the last

eight years. Bayliss, 58, is now stepping up to be deputy chairman with overall responsibility for retail operations and the group's general insurance business. Charles Toner, Abbey National's European director, joins the group board as European director, becomes a member of the bank's executive commit-

■ WOOLWICH Building Society is reshuffling its general managers following the early retirement of Terry Webb, 55, previously in charge



John Stewart, 44, (left) steps into Webb's shoes as general manager retail operations. He had been general manager financial services.

■David McCormack has been appointed and of LANDIS & GYR COMMUNICATIONS ■ Robin Williams is appointed sales and marketing director of ROCKALL DATA SERVICES;

he moves from DCE Communi-

cations Group. ■ Keith Nichols has been appointed director of manufacturing consultancy at EDS-Sci-

con, an independent subsidiary of General Motors. ■ Ian Jones, formerly financial controller for NCR's Europe group based in Ohio, is appointed director of finance and administration of NCR Limited in the UK; he succeeds Paul Entwistie.

Julian Onions has been appointed technical director of X-Tel SERVICES.

emises

■ Michael Shea, the Queen's former press secretary and exdiplomat who is now head of political and government the European subsidiaries and affairs at Hanson, has been Corperstone, Abbey National's made a non-executive director loss-making estate agents. Meanwhile, Ian Harley, 41, of Murray International Trust, Murray Income Trust and Murray Smaller Markets Trust, currently retail operations

three funds within the stable of Scottish fund manager Murray Johnstone. Chairman Nick McAndrew says he was attracted by the combination of Shea's "very Interesting foreign office background" together with his Hanson experience. At one point

during his diplomatic career before he went to the Palace -

cery in Bucharest. McAndrew says the fund management company is keen to know more about emerging markets, par-ticularly Eastern Europe. Shea, 54, has written about the delights of "portfolio liv-

ing", or being involved in a "panoply of non-competing subjects" for those approaching the Third Age (supposed to begin at 55). Spending increasing amounts of time in Scotland, he is also chairman of Scotland in Europe; a visiting professor at the Graduate Business School of the University of Strathclyde; and a governor

Central looks outside

Central Independent Television has brought in Kazia Kantor from Grand Metropolitan to fill the group finance director slot that has been empty since Kevin Betts left in February.

Leslie Hill, chief executive savs he was looking for a candidate outside the industry, and that Kantor's experience at "interesting companies" ranging from GrandMet to an advertising agency would provide a useful fresh perspective.
Closely involved in the

license renewal process last year, in which Central placed its winning bid of just £2,000, Betts had subsequently wanted to become more involved in strategy and management, according to Hill. " That was not something that was available in the next few years. It was no longer exciting enough

Kantor, 42, who qualified as chartered accountant with Price Waterhouse, spent 8 years at inchcape, rising to the position of group financial controller. Since she left in 1987, she has had a series of jobs in quick succession; a spell at

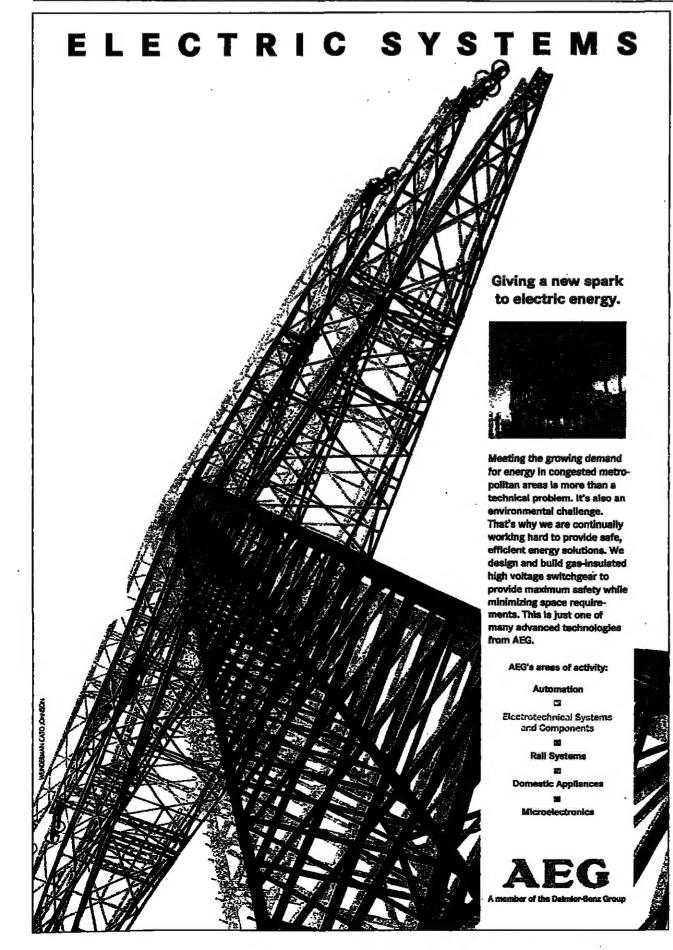


HMV; finance director of advertising agency Davidson Pearce around the time it was merged into Boase Massimi Pollitt; and director of corporate finance at Aegis. In mid-1990 she then moved to Grand Metropolitan as finance and business development director of the retail and property sector, and was latterly group business development director. Kantor, who has said she is particularly pleased to be returning to the Midlands where she grew up, was not available for comment yester-

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London Promenade Concerts

Two sopranos

an otherwise heavyweight programme (Elgar's Second chunks from Die Meistersinger), Felicity Lott sang Hugo Wolf songs. Six of his best, indeed, and particularly enticing because we were hearing them in their rare orchestral versions: Andrew Davis took the BBC Symphony through them with scrupulous finesse.

Though the Albert Hall is not the ideal place for appreciating Wolf's subtleties, the entire set was a pleasure to hear. At least "Kennst du das Land?" is on a near-operatic scale, especially with Wolf's dramatic orchestra; and the vernal thrills in "Er ist's" were so vivid as to risk concealing. the voice.

The charming "In dem Schatten meiner Locken" should be operatic, since Wolf orchestrated it for use in his opera Der Corregidor - but in prac-tice, the original piano accompaniment can be more teasing and playful than is possible for whole band.

In fact the introspective songs gained most from their new guise. There is nothing

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Section 2

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N Monday night,-in · fancy in Wolf's orchestrations. but he selected plain timbres to unerring effect: sonorous horns for the benedictory dawn Symphony and bleeding of "In der Frühe" (not really a soprano song, though), flutes for the wistful thirds-motif in "Anakreons Grab".

Mörike's little prayer "Gebet", too, glowed beautifully (just strings, woodwinds and soft horns). As ever, Miss Lott's clean-lined sympathy and poise were faultless.

David Murray

BETWEEN unprepossessing Hamilton (his Concerto for Orchestra) and Dvořák (the Seventh Symphony), the BBC Scottish Symphony Orchestra's prom on Tuesday provided one of the truly memorable experiences of the current season Isabelle Vernet sang Ber lioz's Les Nuits d'été with such unfailing sense of line and effortlessly burnished, unforced tone she disarmed all

criticism. The accompaniments

were handled tactfully by

Takuo Yuasa: he recognised

there was no need to gild an

already resplendent lily. Andrew Clements



The miscast and unversed Antony Sher in the title role

Tamburlaine the Great

Marlowe's Tamburlaine the Great contains some of the most wonderful passages of verse in English drama. No one can forget the line "To ride in triumph through Persepolis," nor Tamburlaine's tributes to his consort Xenocrate. Yet the play is very rarely done professionally. It went through the 17th, 18th and 19th centuries without a recorded performance. The Yale University Dramatic Association revived it in an abbreviated version in 1919, and since then it has remained a favourite with universities. The only previous performance I have seen was at Oxford.

The Old Vic staged it in 1951 with Donald Wolfit as Tamburlaine under the direction of Tyrone Guthrie. Peter Hall produced it for the National Theatre in 1976, when Tamburlaine was played by Albert Finney. The new production at Stratford directed by Terry Hands is the first time that the Royal Shakespeare Company has touched it, and one begins to see why performances are so few and far between.

Tamburlaine is played by Antony Sher, which is part of the problem. Sher has many qualities, including an ability

while speaking his lines and a way of stuffing emotion into killing and dying. But he does not seem particularly interested in speaking verse. This is a serious lapse, for the quality of some of the verse is the most that can be said for Tom. burlaine. Untune that string and, to quote another play, hark what discord follows.

Unlike Marlowe's Doctor Faustus, the play has no real plot and very little subtlety. Tamburlaine, drawn from the historical character Timur Khan (1336-1405) simply goes on conquering till he dies. The play's attraction is the way he puts his overwhelming ambi-tion into poetry – "I hold the Fates bound fast in iron chains" - and equally his expression of love for Xenocrate, daughter of the Soldan of Egypt, whose land he also

To be fair to Sher, it is not entirely his fault for not taking the poetry as central. Tamburlaine comes in two parts. University productions tend to concentrate on part one, where up and has his best lines. The RSC version, though condensed gives parts one and two. The best scenes between Tamburlaine and Xenocrate

HRISTOPHER to hang upside down on a rope are spread across both, and it is only in part two when she is dying that Xenocrate (played by Claire Benedict) comes into her own. Tamburlaine has a lot of fighting to do in between and after.

Sher plays him as a demonic Hitler figure, possibly with a touch of Saddam Hussein. He should not be unduly criticised for that either. Only undergraduates would romanticise Tamburlaine as a man. Yet they do that for an understandable reason: he speaks roman-tic verse, some of it foreshadowing Keats, as in the lines beginning "If all the pens that ever poets held".

There is one point in the production where Sher's performance is admirable. That is Tamburlaine's desire to return to Samarkand, the place from whence he came, before he dies. He fails to make it. Here Sher is in his element. I had not previously seen this as a pivotal part of the play. I also greatly admired the performance of Darlene Johnson as Zabina, the wife of Bajazeth, the emperor of Turkey whom Tamburlaine imprisons in a travelling cage. Here is one piece of dignity in a vicious

Malcolm Rutherford

Edinburgh International Festival

Royal Concertgebouw Orchestra

armounced a Ros-sini encore to mark the composer's bicente-nary at the end of Monday's cert, somebody in the row behind me exclaimed, "But the Beethoven was just like Rossini alreadyte. Whether out of jest or annoyance it was not clear, but there was some

The Royal Concertgebouw Orchestra's transformation is complete. The days when it played with deeply-considered sobriety under Bernard Haitink seem a long way off. With Chailly, the orchestra still gives serious performances, but it is serious about different things - about clarity and cuty, lightness of touch and

In the two concerts they gave in Edinburgh, nothing suited Chailly and his players works, Webern's Passacaglia

organised, which is funny and

an Arts Festival Yo Tengo un

painful at the same time, which operates

on three separate planes at once. The com-

pany is the Catalan troupe Els Joglars. Its

Edinburgh performances are also part of

Tio en América (I Have an Uncle in America) is deeply humane, bizarre and a tri-

umph of imagination and craftsmanship.

The scene is a psychiatric institution.

Six therapists give their eight patients

drama therapy and have them re-

anact the conquest of America by the

Spanish. The therapy and the conquest

also include the inculcation of flamenco.

dance. Does this sound strange? What

makes it stranger is that everything is

presented from the point of view of the

patients. They are a pathetic bunch, and

Yo Tengo makes no attempt to give them.

individual, strongly characterised from

patients (or native Americans) is con-

rasted with the glamorous conformism of

the therapists (or conquistadors). Renesa:

C h a i l l y an elegy upon the death of the er's former wife, moves like an angel in flight. Its quicksliver blendings of wind and strings float along as though no bass sound can hold them down and finally they disappear altogether in a flutter-tongued flute solo. The piece could not have been played with more ravishing

> Whether the same virtues are as welcome in Haydn and Beethoven is questionable. There was no jovial rough-and-tumble in Chally's perfectly manicured delivery of Haydn's "Farewell" Symphony. For example, it is diffi-cult to give the surprise end-ing of the Minuet any punch, when every twist of the music has been prepared so assiduously in advance.

> In Challly's hends, both Haydn with his sarthy humour and the reputedly uncouth

Symphony, the main work in the first concert, was exquisite in every detail, but it lacked

guts and drive. One wanted to go up on stage, grasp the drumsticks and give the timpani a jolly good thwack. Only an Italian, though, could make the slow movement sing so eloquently. And the finale was marveliously lucid, with a twinkle in

For the Beethoven work in the second concert, the conductor had chosen his partner well in Maria Joao Pires. Neither is the type of performer to make Beethoven sound ponderous when he is not in the mood to be. Their combined sensitivities resulted in a beguiling performance of the Fourth Plano Concerto, and Pires, in particular, managed to commune with the soul of the music without sounding in

festival's omnipresent composer of the year. Panache, virtuosity and plain force, all had to be brought into play Symphony went with plenty of excitement, wanting only the remarkable passion that the St Petersburg Philharmonic had brought to its native Tchaikovsky when visiting the

week before.

Challly is a good musician and the Amsterdam orchestra sounds as impeccably groomed as ever. Their Rossini encore, incidentally, was a delight. When the Royal Concertgebouw arrives in London, I recommend that the Proms audience applaud long and loud to hear it

These reservations apart,

Richard Fairman

Concerts sponsored by British Telecom and The Royal Bank

ERE is something extraordi-Els Ioglars nary - a work of theatra that seems wild but proves tightly

nymphomaniac obsessed with pregnancy and giving birth; Manolo the visionary; Conde the pyromaniac; the autistic Jordi. who communicates only through music. They make a pretty deft kind of New World, but they lose themselves in it so entirely that we do too - and when the therapists suddenly order them to snap out of it or back into it, they and we are stunned. The therapists participate in the fantasy, and this heightens the derang-

They dance flamenco - isn't dencing therapeutic? - but flamenco is also a dised, Spanish form, which becomes a symbol of invading authoritarianism. Or patient comments "The Spanish are folkloric even when they conquer." Eventually the patients dance flamenco too - tt's a sary step towards conformism.

dignity or beauty. But each is a vivid The patients throw themselves into the fantasy, and each brings his or her own The plain, ugly individuality of the ions into visualising Old America. Paqui cries out, of the Spanish, "They are coming in their ships! They are coming faster than I can give birth!" She becomes with his encyclopsedic mind; Paqui, a the mother of the tribe - the Pagui tribe.

Later, deep in the forest, at the end of a long scene when all the patients are immersed, Conde uses his lighter to help them. In marches a therapist in a white coat, and confiscates the lighter. Resignadly, he says, "Now I know I am mad." (Speech is in Spanish; there are a few, helpful surtitles.)

One could analyse the meanings of Yo Tengo un Tio en América at length - its implications about Cataloniaand Spain are unmistakable - but what makes it so exceptional is its detailed inner life. Els Joglars are wonderful, rare performers. They catch all the absurdity of the patients, and never tug at your heartstrings. The ironic result is that we are far more moved by their plight than if they had played for sympathy.

This isn't one of those shows that claims to celebrate the human spirit with a load of monotonous over-acting. In Yo Tengo you see the human spirit the way it is as a living mass of peculiar and interacting details - and you are amused, pained and enthralled.

Alastair Macaulay At the Royal Lyceum Theatre until Sep-

Cinema/Stephen Amidon

A thriller built on sand

WHITE SANDS is a thriller that will grip only those keen here, as Chailly can when he on deducing how a veteran wants to, and the Fifth director and strong cast could produce such a dud. Willem Dafoe is a small-town New Mexican shariff who stumbles on a corpse clutching a brief-case full of money on his desert beat. He sets out to investigate the crime on his own - a rash decision that soon brings him into contact with rogue FBI agents, a lovely con woman (Mary Elizabeth Mastrantonio) and a shady arms

STRAIGHT OUT OF dealer (Mickey Rourke). Dafoe soon finds himself both a suspect in the investigation and a target of the assassins.

Though the first few minutes

suggest a good if conventional crime story, director Roger Donaldson and writer Daniel Pyne soon tangle matters in a forest of tenuous exposition and improbable plot twists. Worse still, gaping holes in the story are filled with vapid mumblings about CIA conspir-acy and the 'military-industrial lax". Daloe's la allows him to keep his dignity throughout, though Mastrantonio's bemused mugging is out of place, and Rourke looks as though his bag of tricks is just

about empty.

Another thriller that fails dismally to thrill is Knight Moves, a bloodlessly schematic tale of chess and serial killing. Enigmatic Grand Master (Christopher Lambert, woefully miscast) is forced to match wits with a maniac who is carving up young women on the Washington State Island where a chess tournament is in progress. The police suspect Lambert may be committing the crimes, so they enlist a young psychologist (Diane Lane) to probe his psyche. Her examinations move from sofa to sauna to bed.

Writer Brad Mirman and director Carl Schenkel are so intent on carrying through their strained metaphors of

WHITE SANDS Roger Donaldson

KNIGHT MOVES Carl Schenkel

THE POWER OF ONE

John Avilden

BROOKLYN Matty Rich

COUSIN BOBBY Jonathan Demme

criminal gamesmanship that they sacrifice character to bad dislogue and implausible motivation. People move through the film with the stiff determinism of chess pieces. Lane's character is particularly absurd, a supposedly astute psychologist, without apparent bed with a man suspected of slaughtering young women.

The Power of One is a stand-ard coming-of-age film that strives unsuccessfully for mportance by setting itself in 1940s South Africa. It tells the story of P.K. (Stephen Dorff), a young white orphan who is transformed by events from a bed-wetting schoolboy into a champion boxer and antiapartheid activist.

After his father is run over by an elephant, our hero is sent to an Afrikanar boarding school where his English ancestry makes him the subject of horrific bullying. He spends most of his time at the local prison, where he is taught to box by an wily old inmate (Morgan Freeman). Then it's off to a posh college, where he falls in love with the daughter of a racist minister. The story ends with him forgoing a place at Oxford in

order to teach English in the townships.
The film could have conceiv-

ably worked as a crudely energetic boy's tale, had its makers not tried to pack it with a political message. But by setting it in South Africa, director John Avildsen, who brought us Rocky and The Karate Kid, dissipates whatever power his

story may have possessed.

A far more credible depiction of the black experience can be seen in Straight Out of Brookign, the first effort by 19 year old writer/director Matty Rich. The film portrays a family on New York City's notorious Red Hook housing estate. The father, Ray (George T. Odom), is an embittered service station attendant who drinks to drown his sorrows, leading him to batter his long-suffering wife. Ray's son Dennis (Lawrence Gilliard Jr) is a bright young man who, fearing a future as bleak as his father's, decides to help the family move straight out of the ghetto by robbing a

Although the film is filled se elements together in a

with honest energy and some impressive moments. Rich is too inexperienced to bring compelling framework. He fails to develop the film's key father-son relationship, so that we wonder why Dennis would remain devoted to a brutai wife beater.

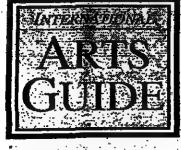
Another eyewitness account of New York's desolate ghettos comes in Jonathan Demme's Cousin Bobby. Demme's last undertaking, The Silence of the Lambs, was one of the great critical and commercial successes of recent cinematic history. So what does he do for his next project? - a low-budget 16mm documentary about his cousin, a crusading priest in Harlem

Father Robert Castle is a Sixtles relic, a man who once gave Black Panthers sanctuary in his church and cannot speak more than three sentences without referring to institutional racism or social justice. Nowadays, he's lighting the good fight in upper Manhattan, trying to stem the tide of drugs and crime that is destroying whole neighbourhoods, organising everything peace marches to a campaign to fill holes in the road.

The film seems more a series snapshots of a life than an overall picture. Demme fails to There is also a nagging sense of futility and melancholy about the reverend's undertak ings - cousin Bobby's only real accomplishment in the film is to get a pot-hole filled. It proves a fitting metaphor for a man who once fought to change the world, but now must content himself with plugging a few gaps.



Dark deeds in the desert Willom Dufoe in White Sands



■ AMSTERDAM

from the first.

Muziektheater 20:00 Hartmut Haenchen conducts Stephen Pimion's Bregenz Festival production of Samson et Dalila, with William Cochran and Catherine Keen. Runs till Sep 26, with next performance on Sun afternoon (6255-455). Sat in Concertgebouw: Edo de Waart conducts Mahler's Third Symphony (6718 345)

BERLIN

A new production of Goethe's Clavigo opens tonight at the Schiller Theater (3126 505). Dietmar Pflegerl's acclaimed production of Jean Cocteau's La Voix Humaine (The Human Voice) is revived tomorrow at the Schlosspark Theater, with Sabine Sinjen as the suicidal woman on the telephone to the lover who has jilted her [7931 515)

DRESDEN

Semperoper Colin Davis conducts

Fidelia next Wed. plus three Steatskapelle concerts (Sep 13, 14, 15) featuring symphonies by Dvořák and Beethoven. The opera repertory also includes the Ponnelle production of Gluck's Orfeo (tonight and Mon), Lulu (tomorrow), La Cenerentola with Kathleen Kuhlmann (Sat and Tues), and Der Freischütz (Sun, Thurs and Sat). Felicity Lott and Ann Murray head the cast in Der Rosenkavalier on Sep 20 (4842 731) Kulturpalast Michel Plasson conducts the Dresden Philharmonic Orchestra on Sat and Sun at 19.30. The programme includes Berlioz's Symphonie Fantastique and Beethoven's Fourth Plano Concerto, with Elisabeth Leonskaja (4866 306)

LEIPZIG

Gewandhaus 20.00 Kurt Masur conducts the Gewandhaus Orchestra in Beethoven's Violin Concerto (Frank-Peter Zimmermann) and Third Symphony, repeated tomorrow. Sun and Mon: David Geringas plays Dvořák's Cello Concerto (7132 280)

LONDON

THEATRE Amphibians: world premiere of a play by Billy Roche, set in Wexford against the background of a changing community. A Royal Shakespeare Company production directed by Michael Attenborough. Opens tonight (Barbican 071-638 8891). The Madras House: Harley

Granville Barker's poignant comedy in a production enthusiastically received when It was premiered last week at the Edinburgh Festival, Till 081-741 2311). Hamlet Robert Sturua's

production starring Alan Rickman and Geraldine McEwan runs from Sep 9 to Oct 10 but is already sold out. There will be some standby tickets available each day (Riverside Studios 081-748

 An Inspector Calls: J B Priestley's psychological thriller directed by Stephen Daldry. Starts previewing on Sat, Press night next Fri (National Theatre 071-928 2252). Six Degrees of Separation:

Stockard Channing as the rich New Yorker transfigured by a black con-artist in John Guare's play (Comedy 071-867 1111). For ticket information about alf West End shows, phone Theatreline from anywhere in the UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

■ PRAGUE

CONCERTS Tonight at 19.30 in the Basilica of St George, the Prague String Trio plays works by Stamitz and other Czech composers of the baroque era. On Sat at the Monastery of St Agnes, the Foerster Trio plays works by Beethoven, Tomasek and Smetana. Next Tues at Church of St Nicholas: Prague Male Choir presents a programme of choral

works by Bruckner, Rakhmaninov, Janacek, Martinu and others (232 5858). Jiri Belohlavek conducts the Czech Phllharmonic Orchestra in works by Martinu, Bartok and Brahms in the Dvořák Hall on Sep 17 and 18 (286 0111). The first concert of the Prague Symphony Orchestra's 1992-3 season is on Sep 22 (232 5858).

OPERA The repertory of the Prague State Opera (formerly Smetana Theatre) includes Madama Butterfly, La traviata, Il trovatore and Rigoletto. Performances are daily except Mon (Wilsonova 4. tel 265353).

 For pre-booking and information about other events. contact city centre ticket agencies (Sluna, Wenceslas Square 28 in the passage, tel 260693, or Bohemia, Na Prikope 16, tel 228738, or Melantrich, Wenceslas Square 38 in the passage, tel 228714) and theatre box offices.

■SEVILLE EXPO

 The music programme at the Maestranza Theatre over the coming week is dominated by the Vienna State Opera. Ruggero Raimondi stars in Don Giovanni tomorrow, Sun and next Tues. Claudio Abbado conducts the Vienna Philharmonic Orchestra in a Haydn and Mahler programme on Mon. The final opera company to visit Expo will be the Dresden State Opera, with three performances of Der fliegende Holländer starting on Sep 28. The remaining concert highlights include the Moscow

Virtuosi under Vladimir Spivakov (Sep 10), a Stockhausen programme directed by the composer (Sep 16), the Royal Concertgebouw Orchestra (Sep 21 and 22) and the National Symphony Orchestra of Washington conducted by Mstislav Rostropovich (Oct 7 and

A Spanish musical entitled Azabache can be seen next week at the open-air Auditorium. The remaining programme at the Lope de Vega Theatre consists of Lope de Vega's La Nina de Plata (Sep 6-10), the Comédie Française production of Beaumarchais' Le Barbier de Seville (Sep 15-18) and Giorgio Strehler's Piccolo Teatro di Milano production of Goldoni's Le Baruffe Chiozzotei (Oct 7-11). A new George Tabori play, based on Dostoyevsky's The Brothers Karamazov, is to be premiered at the Central Theatre on Oct 9. The Palenque has a daily programme of Latin American music and dance.

 For further information, dial 0034 5 448 0404 from outside Spain, or 902 22192 in Spain.

■ STUTTGART

LUDWIGSBURG FESTIVAL Joseph Kalichstein, Jaime Laredo and Sharon Robinson give a recital of plano trios tonight in the Ordenssaal. Sat: recital by violinist Mila Georgieva. Tues: Michala Petri flute recital. Next Thurs: I Salonisti. Next Fri: opening night of a week-long run of Stuttgart Ballet's Cranko

production of Romeo and Juliet (7141-949610)

■ WARSAW

This year's Warsaw Autumn Contemporary Music Festival (Sep 18-27) includes three Stockhausen concerts directed by the composer. The Hilliard semble will perform music by Arvo Pärt, and the Matrix Ensemble will present Michael Finnissy's Vaudeville. At the opening concert, the Polish National Philharmonic Orchestra and Chorus will perform Tristan Murail's Les Sept Paroles du Christ en Croix. The closing concert, including extracts from Ligeti's Le Grand Macabre, is conducted by Elgar Howarth (310607)

■ ZURICH

 Claus Peter Flor conducts tonight's concert by the Tonhalle Orchestra in Shostakovich's Ninth Symphony, Martinu's Oboe Concerto (Isaac Duarte) and Janacek's Sinfonietta. Sep 29 and 30: Georg Solti conducts Bruckner (206 3434)

 Edita Gruberova sings the title role in Lucia di Lammermoor tomorrow at the Opernhaus. Sat: Il barbiere di Siviglia. Sun: Rigoletto. Tues: Die Zauberflöte. The first new production of the season is Bellini's II pirata on Sep 19 (262 0909)

 Peter Wood directs a new production of Shakespeare's A Midsummer Night's Dream at the Schauspielhaus, opening on Sep 17 (221 2283)

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Super Channel 1600-1630 FT E

Sky News 1330-1400, 2030-2100 FT Bus

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700 Thursday September 3 1992

The French referendum

never have taken a gamble more important, or more daring, than the referendum on the Maastrich treaty. If the "out" vote wins, and particularly if that victory is by a large margin, ratification will at least he relaunched though the treaty will remain far from safe harbour. If it is to be "non", the Maastricht treaty will have been sunk, with incalculable consequences for the future of Europe. If the president's ambition was merely to discomfort his conservative opponents, it was a grievous fault and grievously does he and France - seem likely to answer for it. But the referendum had a higher justification and a nobler purpose. The Maastricht treaty did, indeed, need to be reaffirmed by one of Europe's great nations if it was to regain the

career, François Mitterrand can

voted against it last June. Such a reaffirmation may not now be forthcoming. Some might view that possible outcome as simply a sad result of Mr Mitterrand's hubris and the periodic French impulse towards regicide. But all of Europe's leaders would bear more responsibility for a "non" than that. The case that they needed to make was that the European Union would underpin pros-perity and security in the new Europe. Unfortunately, perhaps unfairly, failures in the former Yugoslavia have identified the EC too closely with a lack of security. Equally, because of the ERM, many Europeans have come to associate the EC with deflation

momentum lost when the Danes

rather than prosperity. Errors have been made, both outside the treaty and within the treaty itself. But the errors are not large enough to justify its downfall. The Maastricht treaty is the culmination of 40 years of European construction. It is certainly the culmination of 10 years of successful efforts to relaunch the EC and of four years of particularly intense discussion of economic and monetary union. Rejection by France, one of the two central pillars of the EC, would bring that forward march to an abrupt halt, for years, possibly forever. It could lead to a relapse into unbridled nationalism and even to disinte-

kets would be shaken. The ERM would come under still greater strain. Interest rates, both short and long term, would diverge and realignments might become ines-capable. Those who put their trust in the prospects for Emu would have to reconsider their plans. Countries such as Italy and Spain, for example, which have made convergence on Emu the centrepiece of their macroeconomic policies, would find themselves adrift Even the almost completed single

market would look more doubtful. Everything would have to be reconsidered: management of the relations of other European states with Germany, the EC's monetary regime, the prospects for enlarge-ment and the EC's relations with the rest of the world. Worse, all these would have to be re-examined at a time of slow growth and more than just nascent xenophobia. The Maastricht treaty is flawed. But the alternative would

surely be far worse. This is why the referendum matters. It is why the FT intends to devote a special effort to cover ing it. It is also why this newspa per, in keeping with its traditional support for the integration of Europe, hopes the French will

provises. First, the EC should not proceed as if nothing had happened, even if the Maastricht treaty were ratified. The EC must be particularly cautious if the treaty receives no more than a small positive affirmation. Subsidiarity must become a living reality, not just a slogan. The convergence criteria will have to be tion. No timetable for convergence towards Emu must be allowed to override economic common comse. And, more immediately, if currency adjustments are required, so

Second, the downfall of the Maastricht treaty, should that occur, must not be allowed to mark finis to all that Europe has achieved in the postwar era. The loss of this treaty would be a misfortune. To allow it to lead to the collapse of the EC or even to an outbreak of mutual recrimination and disorder would be worse than folly. The French referendum is

In the short term, financial mar-tion does not have to be a disaster.

Exam standards...

THE SCHOOL inspectors' verdict work - which is harder to monitor this year's results for GCSEs - the main examination taken by 16
The most important objective year-olds in England and Wales is damning. Their report has "little confidence that standards are being maintained" and detects a decline since the GCSE was introduced in 1988. Last week's headlines trumpeted record pass rates with more than ever before at the higher grades. Now pupils, parents and employers are left wondering about the worth of devalued GCSE certificates.

Some had already warned that five successive years of improved results seemed too good to be true - especially the rise by more than a quarter in the numbers of grades A to C, which were supposed to be the equivalent of the old O-level pass. The inspectors' report therefore confirms what many teachers privately admit - that standards have slipped with the new exam.

Mr Patten, the education secretary, has announced an inquiry, with a view to changes for next year's exams. However, some of the problems identified by the inspectors are already being tackled. Able pupils can now take more demanding papers, following criticisms that the GCSE was insufficiently stretching. The top grade is to be split in two to give further incentives to the most able. And the amount of course

The most important objective for Mr Patten's inquiry must be to ensure that the four examining boards set exacting standards which are uniformly applied between subjects and between different groups of pupils. Only if it is clear just what sort of achievement is represented by a particular grade will employers and others be able to use GCSE results as a worthwhile yardstick.

The minister should however ignore those who want to restore the O-level exam for the brightest. The GCSE provides a single standard by which the achievements of 90 per cent of pupils can be measured - even if the measurement process needs improvement. Employers certainly do not want to return to O-levels, as this week's statement from the CBI

Indeed, there is a case for a more broadly-based examination at 18, capable of testing a much higher proportion of schoolleavers than the A-level exam. Essential to such a change would he confidence that the top grades of the new exam offered similar levels of achievement to the A-level "gold standard". That confidence will be hard to win unl the standards of the top GCSE

directors' pay and those of the company's staff as a whole. The "performance pay" of directors also needs to be seen to be moving

roughly in line with corporate per-

formance - down as well as up. The fact that this is now hap-

pening in more cases does not mean that the problem of exces-

sive pay rises has somehow gone

Top pay rates

THE NEWS of a further moderation in the rate of pay increases awarded to - or taken by - the chairmen and other directors of most of Britain's largest companies is welcome, if not surprising in view of the effect which the recession is having on many bonuses. Only a few months ago, after years of mounting controversy over the rate of salary increases, directors of large com-panies were rightly attacked by the British Institute of Manage-

ment, among many others, for tak-ing unacceptably big rises.

There is some dispute about the average increase in the total remuneration of each company's highest paid director for the most recent financial year. One specialist remuneration consultancy reports it to be around 8 per cent and falling, while a different survey service calculates it to be only

away. Nor does it lessen the need for a much tougher disclosure regime than proposed in the Cadbury Committee's code.
The regime should be similar to rules recently proposed by the US Securities and Exchange Commission. These would require the remuneration packages of the five highest paid directors to be dis-

rate components, including stock In the UK only a tenth of compa-nies disclose the overall amount 2 per cent. What matters paid to directors in bonuses, and is that shareholders and employees should feel there is more calculated. The case for official equity between movements in action is obvious.

closed, and divided into nine sepa

he first engine is due to roll off the assembly line at Toyota's £140m engine Wales, next week, heralding the next wave of a formidable assault by Japanese carmakers on the European car industry. The array of Japanese vehicle

plants and new models poised to enter production in the UK, Hungary, Italy and Spain was planned in the late 1980s, when car demand in west Europe was accelerating powerfully, with record sales every year from 1985

The extra capacity from Japan is about to hit the market, however, when the European appetite for buying new cars is succumbing to economic retrenchment. Sales are weakening in important markets, while some, such as the UK, remain stubbornly mired in recession.

Now Europe's indigenous car-makers – busy building plants of their own and already wringing much higher output from existing facilities as part of a determined drive for greater productivity – are confronting the spectre of rapidly

growing overcapacity.

Japanese vehicle production capacity in Europe is expected to exceed 1.2m a year by the end of the 1990s. European car production totalled 12.7m last year with the Volkswagen group accounting for 2.44m and Renault, the smallest of the big six volume carmakers, for 1.55m. Japanese carmakers captured 12.3 per cent of west European new car sales of 13.49m last year and this is forecast to rise to between 16 and 20 per cent by the end of the decade.

The battle with the Japanese carmakers is about to be joined in earnest by Honda and Toyota, who start up their first European car plants during the final three months of the year. Both are located in the UK, which the more staunchly protectionist European auto industry leaders such as Mr Jacques Calvet, chief executive of Peugeot, the French carmaker, have likened to "a Japanese aircraft carrier just off the coast of Europe".

Toyota and Honda are developing a total capacity to produce 300,000 cars a year by the mid-1990s at the UK plants, and the figure could cas ily double by the end of the decade.

The UK is not the only Japanese springboard into Europe. At Esztergom, 40km north of Budapest, the first Suzuki Swifts are also set to leave the line of Magyar Suzuki's more modest assembly plant this autumn, while in northern Italy, Daihatsu will begin production by the end of the year of small vans and pick-ups at its joint venture with Plaggio.

Back in Britain, Nissan, which pioneered the route for the Japa-nese motor industry into local car production in Europe during the mid-1980s, is about to launch its second UK-built car range.

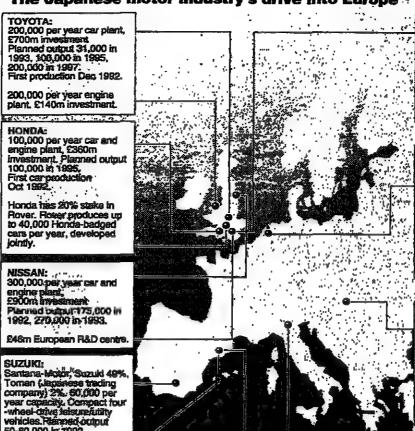
The Toyota, Honda and Suzuki plants may start slowly, but the ssan example shows how fast the trickle will become a flood. Japan's production modestly enough in Europe in 1986, but it is now pulling out all the stops to stay a jump ahead of its Jananese rivals.

Output of 125,000 Primera large family cars in 1991 is planned to rise to 175,000 this year as Nissan adds the new range. Production is planned to surge to 270,000 in 1963 as the plant rapidly approaches its presently announced capacity of 300,000 cars a year, and the company has already indicated its ambi-tion of reaching 400,000 cars a year in the UK by 2000. While it is Nissan's growing UK

Japanese carmakers are stepping up their advance into Europe and threatening the domestic industry, writes **Kevin Done**

Trickle swells to a flood

The Japanese motor industry's drive into Europe



vissan Motor Iberica. Nissan 57,7%. 150,000 per year

development costs are the impetus behind new alliances, and even the operations that claim much of the limelight, the company is also investing heavily in Nissan Motor industry giants are being forced to Iberica, the Spanish commercial find partners. Volkswagen of Germany is poised to finalise a deal vehicle maker, in which it acquired majority control a decade ago. From with Suzuki for the production of a 1990 to 1995 it is putting £600m into Spain. This month it is starting range of small cars in Spain. The Japanese carmaker, a leading European production in Barcelona minicar producer in its domestic of its new Serena multipurpose market, will engineer the new cars vehicle - rival vehicles planned by for production at the Barcelona plant of Seat, VW's Spanish subsid-

> hile protectionistminded volume carmakers in Europe might have preferred a comfortable existence behind the import barriers, life in the global auto

iary. It will replace the outdated

Seat Marbella. Output is expected to

industry is no longer so simple.

The Japanese vehicle makers have set up their own local plants inside the barriers. At the same time, less protectionist European producers are scrambling to gain their own Japanese links to win

some competitive advantage, or to help overcome earlier failures. While VW studies its link with Suzuki, Rover, formerly British Leyland, has fallen gratefully into the arms of Honda, and Volvo, the ailing Swedish carmaker, has sought refuge for its medium-sized cars with Mitsubishi Motors in a joint

ISUZU:

IBC Vehicles Joint venture. Isuzu 40%, General Motors 50%.

Up to 100,000 per ye capacity. Four which leisure/utility weblicles

Mitsubish(32.3%, Volvo 38.3%, Detail state 38.3%, Detail state 38.3%, 200,000 per year car plant Mitsubish fechnology

1995/96, output shared

Joint venture, Magyar Suzuld, Suzuld, 40%, C. Itch (Japtarese tradin company) 17%, 50,000 per year car plant religion shift), \$232m trees then

Planned outdut 15,000 in 1993, 50,000 in 1995 First production Oct-Dec

Joint venture, Caliberru 49%, Piargin 51%, 35,000 per year outro vents and pickups, £156bo £270m) investrating

investment. First production by and

\$1.1bn in

SUZVKJ:

DAIHATSU:

venture in the Netherlands. Honda, in addition to its own UK car and engine plant, also holds a 20 per cent equity stake in Rover's vehicle operations, and Honda tech-Rover's new cars launched since the

Volvo has brought Mitsubishi in as a joint-venture partner at its Dutch plant, where a new range of cars - badged both Volvo and Mitsubishi, but mainly engineered by the Japanese carmaker - will emerge in the mid-1990s.

The deals may vary, but the driv-ing forces for the Europeans are the same: the imperative to improve production technology and create more cost-effective new products. Waking up to their competitive deficiencies, European carmakers

have been engaged in an intensive campaign of so-called "benchmarking" to measure themselves against the world's best standards - and then to try to close the gap. Five years ago they had to look to Japan for the standards, but Japanese carmakers' global expansion means that the competition has now

When the Japanese assault on Europe was first planned, the European motor industry focused on the fear that the Japanese would build a series of "screwdriver" plants in Europe with minimal local content. The fear was naive. In the event Japanese plans are proving much more ambitious and their roots in Europe will go much deeper. They

tem, and they are already meeting UK requirements for 80 per cent local European Community content. Even as the concrete is drying at the assembly plants, the leading Japanese producers are also preseing ahead with the establishment of research and development facilities in Europe, where they will be able to engineer locally some future models exclusively for Europe, as well as draw increasingly on local

European component suppliers.

are in the process of constructing a top-to-bottom manufacturing sys-

he Japanese share of the west European new car market ranged from 2.7 per cent in Italy to 14.8 per cent in Germany and 45.2 per cent in Ireland. The overall share is now set to rise rapidly through the 1990s as: • remaining barriers to direct imports from Japan are eased and

then removed, local Japanese production capacity in Europe is expanded, and new Japanese supply sources for Europe are developed in North

America, Asia and Australia. The pattern is complex, but already Honda and Toyota are shipping cars to Europe from their US plants, while Mitsubishi is about to start exporting cars from Australia to Europe. Maruti, the Indian carmaker in which Suzuki holds 40 per cent, is carving out a niche in southern Europe with a car that is a clone of the Suzuki Alto. Proton, the Malaysian national carmaker, is aiready claiming almost 1 per cent of the UK market with cars based on old Mitsubishi technology.

Japanese carmakers' finances may be weakening, but the assault on Europe can only be slowed marginally. It will not be reversed.

The model for Europe is already evident in North America. Follow-ing investment of about \$7.5bn in assembly plants in North America in the 1980s - eight in the US and three in Canada - the Japanese transplants' total car and light truck production capacity is planned to reach some 2.7m vehicles a year by 1993-94.

According to Professor Dan Jones and Mr Jim Womack, co-authors of the ground-breaking auto industry study, The Machine that Changed the World, "nothing like it has ever.

"In effect between 1982 and 1992 the Japanese will have built in the US Mid-West an auto industry larger than that of Britain or Italy or Spain and almost the size of the French industry. By the late 1990s the Japanese companies will account for at least a third of North American automobile production capacity - perhaps much more - and have the ability to design and manufacture entire vehicles in a wholly foreign culture 7,000 miles

from their origins."

A similar description could well apply to Europe in the year 2002.

BOOK REVIEW

50-60,000 in 1992.

Suzzinci: Joint ventura planned with SEAT (VWS Spanish subsidiary) for new small car to be engineered by Suzuki. 150,000 per year: capacity. Probable and production 1995.

Volkswagen, Ford, Flat and Peugeot

are still a couple of years away from

launch - while in the spring the

As a sign of this changing order

in Europe, Nissan will supply part of its Spanish output of the four-

wheel-drive vehicle to Ford for sale

The link between the two in

Spain shows how quickly the

arrival of Japaness vehicle makers

in Europe is set to move on to a more sophisticated plane, as the world's automakers further refine

their global square dance of compet-

ing in some regions of the world,

Rapidly mounting research and

and linking arms in others.

in Europe under the Ford badge.

tion four-wheel-drive vehicle.

Good ol' boy who made a bundle

eing an American folk hero is a tricky assignment, as Ross Perot found out. The problem is that the great American public likes its boot-strap entrepreneurs to be very rich and very upright. In a country where business practices are not overly genteel, this is a tough combination to achieve. A vast media circus, meanwhile, is quick to expose any flaws.

Sam Walton, founder of the Wal-Mart chain of discount supermar-kets who died of cancer in April, negotiated these pitfalls much better than most. When, in 1985, Forbes magazine declared him America's richest entrepreneur, the paparazzi descended on the obscure corner of Arkansas, mainly occu-pied by chicken farmers, where Walton made his home. What they found was a happily married, much-liked billionaire who enjoyed quail hunting, breakfasted at the local Holiday Inn. and drove a battered pick-up truck, minus two hub-caps. Folksy was an understatement.

Since then, some aspects of Wal-Mart's business - its anti-union policies, the impact of its \$40bn annual sales on hundreds of Momand-Pop shops - have been subject to critical scrutiny. So, to an extent, have the less wholesome adventures of the four Walton children. But no one has ever been able to make Sam himself look bad. The worst that has been said is that he was rather dull.

Walton is not about to dash anyone's illusions. Readers will either find his autobiography lashed with "good ol" common-sense and a lot of harmless, if charming, anecdotes, Or they will find it dreary and downbeat. Walton makes no excuses: "I realise this may sound boring to most you," he writes at MADE IN AMERICA: MY STORY By Sam Walton Doubleday \$22.50. 269 pages

one stage. "but one of my best items ever was a mattress pad called a

A few snippets are more revealing about the character. There cannot be many billionaires who admit that they "never learned handwrit-ing too well" - and have the guts to include a photograph which demonstrates the point.

Meanwhile, the competitive energy which Sam Walton applied to his business is inescapable. In one of many contributions from friends and family, Don Soderquist,

The worst thing ever said about folksy billionaire Sam Walton is that he was rather dull

Wal-Mart's chief operating officer. tells of finding Sam one Saturday morning on his hand and knees at the local Kmart store, analysing his rival's stock. And his wife, in a casual aside, notes that when the couple was on holiday in Italy their luggage vanished while her husband was off on a similar scouting

But it is David Glass, Wal-Mart's current chief executive, who perhaps captures the entrepreneurial Walton spirit best. Explaining the annual contest in which Wal-Mart executives choose one volume producing item" to promote, he

recalls the time Sam (who usually won) selected minnow buckets for carrying bait. Glass was more happily teamed with apple juice. "So I would go down to the stores, and get them to take that minnow bucket...put ice in it, ice down the juice and give away samples out of his minnow bucket. I particularly did it in stores I knew [Sam] was going to visit. It drove him crazy, and he got off that minnow bucket pretty quick...."

But the reader can't help feeling

that the cozy yarns tell only half the truth. Sam Walton was a salesman to the core, and seems to have packaged himself with all the skill that he once applied to selling a gooey southern sweet called Moon Pies.

For the most part, this makes for an engaging, if one-dimensional, portrait. Occasionally, it just grates. "I had bought a bank in Benton-ville, for about about \$300,000," Walton remarks, for example, "just a little old bank with only about \$3.5m in deposits. But it helped me learn a lot about financing things."
Oh, come on Sam, is that the whole

The real truth, one suspects comes right at the end of the book

when Walton admits that "if I hadn't gotten sick, I doubt I would have written this book". Given the pleadings of publishers - Doubleday paid about \$4m for the manu-script - and a rather natural desire to have a final say, he can hardly be blamed for agreeing to write it. But these are unlikely to be circumstances which make for the most critical self-analysis. At the end of the day, Sam Walton's heritage is in the shopping malls, not the book-

Nikki Talt

Business

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Nothing will come of nothing: think again

Edward Balls argues that the British government's target of zero inflation within the ERM is undesirable and unattainable

of the European exchange rate mechanism at a sterling parity of DM2.95 looks increasingly threatened. The prime get of zero inflation is supposed to make this policy more secure. In fact, it makes it look

Mr John Major bas rightly identified Britain's inflationary psychology as a root cause of e current economic malaise. The government's priority is to avoid a repeat of the boom-bust cycles that have plagued the UK for decades.

Yet the new policy of pursu-ing zero inflation to break this cycle through high interest rates within the ERM will not solve the underlying inflationary problem. It is merely compounding the damage caused by the current recession.

The failure of the economy to grow results in large part from a series of errors in monetary management since the 1960s. As a result, repeated. periods of high inflation have encouraged consumers to box-row excessively to buy houses and consumer durables. The subsequent collapse in house prices has left them burdened with debts which they are struggling to service at current high interest rates.

Same Contraction

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exercise to be

1 12009

100 Apr $\lambda = \epsilon \gamma_{i_k}$

Even if consumers were not burdened by debt, the case for pursuing zero inflation through persistently high interest rates would be weak. gven the most successful low inflation countries such as Germany target an inflation rate of 2-3 per cent. Those countries which have attempted to achieve that target, most recently New Zealand and Canada, have paid a high price in lost output in pursuit of a goal which has remained elusive.

Now is a particularly bad time for the UK to pursue zero inflation. Britain needs a period of low or even negative real interest rates to ease the pressure on indebted consumers. But the fall in underlying inflation over the past year combined with high nominal interest rates, has aiready pushed short-term real interest rates to their highest level at this point in the economic cycle since the 1980s. The nearer the rate of inflation comes to zero, the higher real interest rates will become. This the housing market and delay

a consumer-led recovery. Merely sticking to the current exchange rate target within the ERM and announcing a target of zero inflation is the wrong way to secure the low and stable inflation that Britain needs. The costs are prohibitively high and the

Low inflation does not deliver rapid growth... Average annual inflation rate 1951-86 (%) · · · but getting to low inflation is painful End period value (%)

gains may well prove illusory. First the pain. The cost of reaching zero inflation in the UK would be enormous. Despite the government's labour market reforms in the 1980s there has been no reduction in the amount of unemployment required to reduce

.C2 1996

Estimates from 1980-81 suggest that every 1 percentage point fall in inflation required 2.3 percentage points more unemployment over one year, much higher than in most other ODCO countries Reducing the annual rate of underly-

to control Britain's problem of excessive real wage growth, bequeathed a manufacturing sector that is leaner and more competitive, but too small to finance Britain's desire for imported goods. It also bequeathed a large and grow-ing pool of unskilled, unemployed and increasingly mem ployable people.

Are the mistakes of the 1980s.

about to be repeated? The structural problems which underlie inflationary tendencles - inefficiencies in the housing and labour markets and the flawed way in which

Even if consumers were not burdened by debt, the case for pursuing zero inflation would be weak

ing price inflation from its current 4.4 per cent to zero would, according to this relationship, require an extra 10 percentage points of unemployment either 3m more unemployed in unemployed a year from now until the middle of 1985.

Yet, unless this inflation rate could be secured once it had been attained, such sacrifices would have been in vain. The government's last attempt to conquer inflation in the early 1980s, and the subsequent fallure of employers and workers

UK monetary policy has been pressed. But they still exist. The government's failure to tackle the underlying causes of the inflation of the past two ery risks being derailed by

inflation once more. The government says it wants low inflation, but it also wants house prices to start rising and has been unwilling to eliminate the main tax incentives that favour housing investment. The labour market also remains as inflation-prone

as 10 years ago. In the late-1980s, despite record unemployment rates, price inflation was once again fuelled by an acceleration of wage increases. **Earnings** inflation has started to fall only after two years of recession and rising job losses.

Despite the fall in pay settlements, it may take a decade of slow growth and high unem-ployment to work off the lost competitiveness of the past 10 years, at least at the current exchange rate within the ERM. Real wage growth in the 1980s outstripped that in all of the UK's main competitors, despite the government's labour market reforms. The signs of an overvalued real exchange rate are clear. manufacturing profitability, even after the productivity gains of the past decade, remains low by international standards. Britain is left with a trade deficit at the bottom of the recession.

Most worrying, politicians remain in control of Britain's monetary policy. This is still so despite the international evidence that independent central banks have delivered lower inflation rates over the past 40 years. The link running from low inflation to higher or more stable economic growth does not exist, as the chart shows. But if a government is serious about delivering low inflation, it will cede monetary policy autonomy to an independent

Yet Mr Major, like his predecessors, has been unwilling to give up the levers of monetary power to the Bank of England. He has been willing to allow the independent Bundeshoul to set UK interest rates on his behalf. But the credibility of this policy rests solely on government's willingness to remain in the ERM and ist a devaluation

History suggests that devaluation is the most likely escape route from slow growth and rising trade and fiscal deficits. There is no good reason why the markets should trust Mr Major more than any other poiitician of the postwar period. Indeed, the costs of attaining zero inflation make the policy even less credible than in the

The markets know that the government will not be able to endure high interest rates. sluggish growth and rising unemployment for years rather than months. But that is the implication of the government's current policy. The markets also know that the result of a devaluation, without deeper structural reform, is likely to be renewed inflation. The commitment to zero inflation is either disingenuous or will prove so destabilising as to be unsustainable.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Back to the basics on education From Mr Keith Tribe.

Sir, Andrew Adonis notes in "Busier groves of academe" (August 28) that by the year 2000 it is anticipated that one in three 18-year-olds will enter higher education, as against one in seven in the 1980s. Perhaps we might go back to basics and ask the following

a shortage of graduates does and will exist in specific areas of the UK labour market? 2) Is the expansion of higher education an appropriate response to the existing skills roblem in British industry, identified by the recent research carried out at the

What evidence is there that

National Institute? 3) What are the assu concerning the necessary alterations in existing patterns of household savings, investment and consumption that will fund students through the system in the later 1990s? What will be the eventual impact of current readjustments in the housing market? Keith Tribe,

Keele University Staffordshire ST5 5BG

Thrift and interest rates

Sir, A historical analysis which goes back further than 1974 ("Saving days are here again", August 27) suggests a consumer recovery may depend on understanding public attitudes and beliefs as much as economic prospects. Over 40 years ago, J Gordon Lippincott said: "The major problem is one of stimulating the urge to buy. It must be nurtured even though it is contrary to one of the oldest inbred laws of humanity - the law of thrift - of providing for the unknown and oft-feared day of scarcity." He succeeded. Whether present day marketers can do so depends on more than real interest rates.

The Henley Centre, 2/4 Tudor Street, London BCAY UAA

Insurmountable cost Unrealistic barrier faced by rail freight operators

Sir, Richard Tomkins ("How freight hopes have finally been derailed", September 1) can only be congratulated for highlighting the plight of British Rail and other would-be rail freight operators. As long as rail freight rates have to cover full commercial costs, ie have to pay for rail freight infrastructure as well (or are even required to earn a return on railway assets), while road users are offered unlimited access to their respective transport system in exchange for a negligible annual licence fee, D-4500 Or an insurmountable barrier to Germany

entry remains in place. On top of this comes the complete disregard for external - ie, social costs, such as congestion or pollution costs.

The political unwillingness to level the playing field not only prevents a commercially viable rail freight industry. By virtually subsidising road transport the government hin-ders competition, increases economic inefficiency and promotes the ecologically most damaging mode of transport.

Jörg Schimmelpfennig, Department of Economics, Univesität Osnabrück, D-4500 Osnabrück,

Nuclear Electric making fossil generators nervous

From Dr Robert Hawley Str. Lex (September 2) was right on power prices and the real costs of electricity. The nuclear levy question is certainly a diversion from the larger issues - but it's a diversion which has attracted both PowerGen and Offer over the last couple of days, with both calling simplistically for a cut

in our levy rate. Nuclear Electric's response to remarks by Prof Stephen Littlechild director-general of Offer, at the Energy Intensive Users' Group is quite clear. The following is an extract of a

letter I have sent to him.
"You state that in a competi tive market customers would not have to bear 'the higher costs of nuclear electricity This simple statement is fanci-ful, and fails to address policy issues relating to the way the privatisation was structured, the real costs of other fuels and the other subsidies hidden in the market. You also avoid the issue of who will bear the costs of nuclear provisions if the customer does not. I find it strange that you propose to go on record as suggesting that customers should not meet the full costs of the electricity they

Offer, of course, was merely responding to pressure brought to bear by others. Which brings us back to PowerGen. Ed Wallis is very free with advice - and Nuclear Electric's money - and may even have reaped some short-term PR kudos as a result, by claiming to have devised a mechanism which would even sup-

port British coal.

But is this not the same Ed Wallis who is investing almost £40m on Merseyside, building a facility to import 5m tonnes of foreign coal a year, at the kind of prices which would allow him to offer cheap electricity to the major energy users?
The truth is that Nuclear Electric is now enjoying record output and market share, with costs consistently coming down, and the fossil generators are becoming more nervous. Our financial arrangements are transparent to all – unlike theirs. I'm delighted that we have been singled out for such

special attention - it is a com-

mercial compliment to our suc

Robert Hawley, chief executive, Nuclear Electric, Barnett Wau, Barnspood Glovcester GLA TRS

employment prospects

From R J Marshall Sir, "Escape from the Black Hole" (August 29) gave useful advice to the newly redundant executive.

The prospect of re-employment within five months and at higher salary levels held out by Mr Bell is, however, quite incongruous, particularly when applied to senior execu tives from the City. I, and others, who have used outplace-ment services have a much slower tale of re-employment. I created my own business 12 months after leaving my for-mer employer and it will be some time before it affords an

Outplacement, particularly the use of networking, had a valuable part to play in my own re-establishment but does its reputation little good if it holds out quite unrealistic prospects to those that use its services. R J Marshall,

18 Wayneflete Tower Avenue, Surrey KT10 8QG

Bureaucracy of quality

From R. A. Hudson. Sir, One aspect of quality schemes (Letters, August 25) needs a great deal of attention

 they appear to be spawning their own bureaucracy. My company achieved BS5750 some years ago and has benefited as part of our overall approach to customer service. However, a disproportionate amount of our quality team's time is spent filling in inquiries from other quality depart ments requiring copious and often irrelevant information. Efforts should be intensified to promote BS5750 certification as sufficient evidence of satisfactory standing for most commercial purposes, leaving only specific technical inquiries relating to the products involved to be pursued.

Hownt Electronics Firmmood Itoad. Garretts Green. Birmingham B33 0TQ

OBSERVER

AMP points the way

If Britain can hire Aussie Bill McLennan to run its Central Statistical Office, it is only right that Australia can pinch a top British fund manager to show it how to

Even so, putting the Postel's Andrew Threadgold in charge of all the Australian and overseas investment operations of AMP, Australia's equivalent of the Prudential, s a surprisingly adventurous move. The 48-year-old Threadgold's sole previous connection with Australia was a four-year stint in Melbourne. while he earned a doctorate.

Admittedly, Threadgold is not a typical life company fund manager. He worked at the International Wool Secretariat and the Bank of England before joining Postel, where he's responsible for £19bn of funds. That said, giving him charge of AMP's £25bn must bave put quite a few Australian fund mans noses out of joint. AMP may have outgrown Australia and be keen to centralise its international fund management in London, but 60 per cent of its money is still in Australia, and Threadgold will be in London.

It will be interesting to see whether Threadgold, an outspoken advocate of shareholder activism, will continue to shake the corporate governance tree. There are plenty of easy targets in Australia.

Achtung

m If only he hadn't hit a German. Werner Niefer, retiring management board chairman of Mercedes-Benz AG, has been fined DM80.000 for knocking down a German tourist while driving one of his buses in Rome a comile of years ago.

Stuttgart judge Hubertus Pauli found that Niefer — who took the wheel after entertaining some of Mercedes's Italian staff at a restaurant outside Rome should have stopped before rounding a blind corner where the accident happened.

A Mercedes spokesman said the wounded German tourist had not filed a civil suit, but he expected this would follow. Mercedes said that Niefer welcomed the completion of the two-year investigation and would accept the fine.

Debatable

■ Heads of state are worth 10times as much as journalists. This little nugget is one of the more interesting statistics to emerge from the Non-Aligned ment conference in Jakarta, Apparently, the Indonesian government has taken out a life and medical insurance policy which provides backs attending the conference with maximum cover of \$11.500. For heads of state the figure is \$114,000.

Back on top ■ With the appointment yesterday of Jacob Palmstierna as chairman of Nordbanken, Sweden's state-controlled bank, it looks us though his rehabilitation in Swedish

banking society is complete. Palmstierna spent 30 years at Sweden's top commercial hank, the prestigious Skandinaviska Enskilda Banken. But his spell in the chief executive's seat was embarrassingly brief - both for him and S-E Banken. Only a few months after his appointment, he was investigated for tax fraud a heinous crime in the eyes



of the law-abiding Swedes and decided to step down while the investigations were under way. In the end he was cleared of any irregularities but he did not get his old job back. Since then, he has been vicechairman at Nordbunken. number two to Bjorn

Wahlstrom, an industrialist with no banking experience who was brought in to shake up the bank. Wahlstrom did well turning round SSAB, the formerly state-controlled steel company, but has not been a great success at Nordbanken With the benefit of hindsight it might have been better to have given Palmstierna the chairman's job in the first

Food for thought ■ David James, fast becoming the banks' favourite Mr Fixit,

has not wasted any time strengthening the non-executive members of the board of his latest client, Lep. the troubled freight forwarder H Wynne Denman is an old Cayzer hand, and J Brian Smith, an ex-Rank Organisation group managing

director, has worked on other David James rescue missions. Both men are in their 60s and James says that "their skills, experience and advice will bring added strength" to the board of Lep and its But then one could have said

the same about Lep's previous non-executive directors. Bill Govett, a former chairman of John Govett & Co and a director of Legal & General, It and the National Coal Board pension fund, was a member of the board for eight years and his fund management firm was instrumental in bringing in John Read, the previous chairman, who is now suing the company for £1.7m for loss

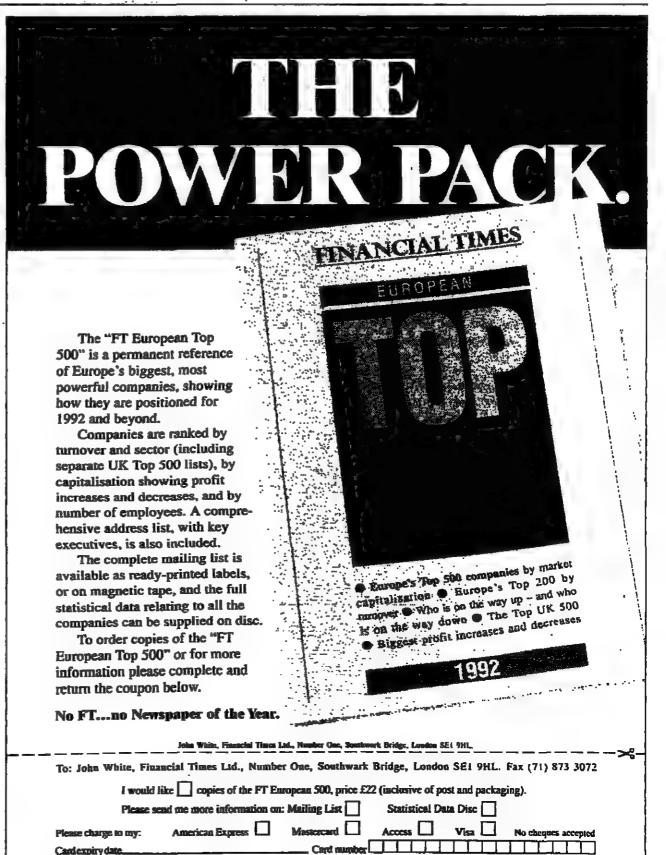
Peter Grant, chairman of Sun Life and a former deputy chairman of Lazard Brothers was a director for four years and Philip Hampton, an er-Lameds merchant banker who is now British Steel's finance director, sat on the board for two years. Lazards was Lep's financial adviser until last year and both Grant and Hampton had worked on Lep deals and should have known the company well.

This is not to say that they are not extremely effective at their main jobs. It is just another reminder that nonexecutive jobs can test even the most distinguished

Objection

■ Pity the poor birth announcements clerk who took down the pre-paid insertion in The Times: Rexshun - On August 31st in Chicago, to Harry and Dolly (née Onboat), a son, Hugh Gee.

Jeremy Reed, The Times's commercial director, says that the 621 autouncement "came in just before the close of play' yesterday and somehow slipped through the net.





Markets look in vain for concerted support operations by central bank

Dollar repeats D-Mark losses

By Emma Tucker and Peter John in London

THE DOLLAR yesterday hit a record low against the D-Mark for the second day running, as pressure in the European exchange rate mechanism showed tentative signs of easing. Sterling clawed back some of

its recent losses against the fected by official figures suggesting that the Bank of England Intervened heavily to bolster sterling's position in the ERM last

The pound gained half a pfennig to close in London at DM2.7875; still less than one pfennig above its ERM floor of DM2.7780. Against the dollar, sterling climbed to \$2.0040, as compared with a previous close of \$1.9970.

Against the D-Mark, the dollar closed at DM1.3905, down less than half a pfennig. In New York trading, the pound held steady

PAGE 4 Italian stock PAGE Z PAGE 30 **■** Currence PAGE 31

■ World Stock Exchanges

against the D-Mark, but dropped back slightly to \$1.9933 against the dollar. There was also little change in the dollar/D-Mark rate, which was quoted at DM1.3930 Vesterday there was no clear

sign on the currency markets of concerted central bank action to keep the dollar from falling to new lows. However, many traders expect the US Federal Reserve and other central banks to step in soon, to repeat their support operations of recent weeks to buy dollars for D-Marks and put a firm floor underneath

Mr Earl Johnson, vice-presi-

Heinrich Weiss: resignation linked to Kohl's policies on industry

By Christopher Parkes in Frankfurt

MR Helmut Kohl, the German

chancellor, has lost contact with

the German business community,

and current government policies

will sooner or later ruin the econ-

omy, a prominent industry leader said yesterday.

The resignation this week of Mr Heinrich Weiss, president of BDI, the federation of German

industry, showed the gravity of

this "disastrous development", said Mr Dieter Härthe, chief exec-

utive of the country's federation of medium-sized businesses.

instead of working with indus-

try to develop sound financial and economic policies, the gov-

ernment produced a "constant flow of half-baked ideas".

Mr Kohl thought Germany's

Mittelstand of around 300,000

medium-sized companies was

good only for paying taxes and

Bonn's policies undermining

business, warns industry chief

The collective experience and

knowledge of the BVMW's mem-

bership was not being used. "The

government keeps on demanding

better performance (from indus-

try| without creating the neces-sary policy framework. That in the end will break the economy's

Mr Härthe's comments reflect

widespread nervousness about

the economic downturn and the

government's apparent paralysis, and indicates how far Mr Kohl's

stock has fallen in business cir-cles. His popularity among the electorate, especially in eastern Germany, is also in rapid decline.

est in business is well-docu-mented, but it has led, perhaps inevitably, to his being singled out as the main target for indus-

try's venom as the economy has

The Bundesbank, the German

The chancellor's lack of inter-

back," he said.

a US financial group, said: "We're off the lows and that is about the only good thing that can be said the dollar.

The lira, which in recent weeks has come under severe pressure in the ERM, was yesterday unchanged against the D-Mark. It closed last night in London at L764.6 to the D-Mark, above its

ERM floor of L765.4. In London, the Treasury announced that Britain's underlying gold and currency reserves ropped by \$1.28bn in August, reflecting heavy intervention by the Bank to temper the currency's fail. The drop, which compares with a fall of only \$86m in July, reduced reserves at the end of August to \$44.4bn, compared with \$45.7bn in July.

The steadier pound gave some support to UK equities and government bonds. The FT-SE 100 index of leading shares closed up 14.6 at 2,313.0, while gilts gained

be able to stave off a rise in base rates, now 10 per cent, was reflected on the UK money market. The important three-month interbank rate, which indicates market perceptions about the future level of base rates, eased from about 10% per cent to about

10% per cent.
Reduced currency turbulence also buoyed the Paris bourse, where share prices closed up 2

Investors elsewhere in Europe, however, indicated their continued nervousness that the strong D-Mark may require increases in interest rates in some European countries, at a time when growth prospects seem poor.

The stock markets in Frankfurt

and Milan fell by 0.8 per cent and 2.5 per cent respectively, reflecting these fears.

The UK Treasury said the drop in reserves demonstrated the government's "resolve" to protect

Brussels and UK near deal on

By Lionel Barber in Brussek

Britain's right to maintain general spot-checks at British ports of entry, while the UK govern-ment has pledged to lighten the controls on European Community nationals, EC and British

One solution would be for BC nationals merely to wave their EC passports as they walked through immigration, he suggested. The British authorities would be able to retain controls on non-EC nationals, while also maintaining spot-checks on suspected illegal entrants, he

vulnerability as an island state is much greater than that of its continental partners and cited the border issue as an example of

Despite the prospect of compro-mise with the Commission on border checks, Britain remains at odds with Spain over the sover-eignty of Gilbraltar. This is holding up the long-awaited conven-tion on strengthening the ECs external frontiers.

external frontiers.

Mr Bangemann, who has just completed a report on progress towards the single market by all EC members, painted a rosy picture yesterday. Some 90 per cent of the proposals originally set out in 1985 bad been adopted by the 12 partners.

border issue

THE UK and the European Commission are close to a compromise on the long-running dispute over Britain's insistence on retaining border controls on people beyond the end of this year.

The Commission has conceded

officials said yesterday.

The border issue has proved one of the thorniest questions to resolve in the movement toward single EC market. Under a Community treaty - the Single European Act - all controls on goods, services and people are to be lifted by January 1 1993. But its frontiers against the threat of drug-smugglers, terrorists and organised crime.

Mr Martin Bangemann, the German commissioner for the internal market, held talks this week with Mr Kenneth Clarke, the British home secretary, in which Mr Clarke presented new proposals for breaking the impasse. "My feeling is that we can find a pragmatic solution," Mr Bangemann said in Brussels

yesterday.
The commissioner said that shared the general aim of scrapping controls on the movement of people within the EC. The dilemma was how EC citizens could be identified by British immigration without having to subject their passports to acrutiny or other onerous controls.

Mr Bangemann also hinted that earlier Commission threats to bring Britain before the European Court of Justice for main-taining its border controls had been dropped. In effect, both sides had agreed to disagree on their interpretation of article &

of the Single European Act requiring an end to all controls. Britain has insisted that its

Yet the acquisitions also leave Bowater more heavily exposed to a European packaging market which is showing signs of stagnation. Weak pulp and plastics prices are behind a deflationary cycle which encompasses lower selling prices and pressure on margins. Discounting acquisitions, Bowater's first-half profits from Europe were actually down on last year. The strategy is to defend prices, but margin improvements will be hard to achieve until conditions improve. A

sharp increase in provisions may point to some formidable challenges for Bowater may be robust enough to pursue its ambitions elsewhere. Gearing of 35 per cent should allow for some smaller acquisitions in less depressed markets. Capital expenditure has fallen but remains comfortably ahead of depreciation. From this

position the company must stand a

fighting chance of living up to the

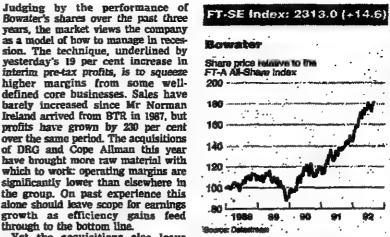
market's high expectations. A price earnings ratio of 14 times this year's forecast earnings demands no less. UK reserves

That UK official reserves feil sharply in August can come as little surprise. The Bank of England intervened to the tune of getting on for \$2bn on Wednesday last week alone. But what is not shown up by the figures is the full extent to which the Bank has been selling the mark, for example through buying dollars against marks: such action has little net effect on reserve values in the

From now until at least the French are locked in to a struggle with the

THE LEX COLUMN

Bowater squeezes by



foreign exchanges. The Bank's tactics - keeping its powder dry until the barbarians are at the gate - seem to be working for the moment. Critics who argue that leaving action to the last minute means that intervention has to be heavy may be proved wrong. Speculators shorting sterling get very nervous within sight of the ERM floor.

This is not to say the Bank will win the psychological battle - further trouble could come as soon as tomorrow if the US employment report weakens the dollar further. September's drain on foreign reserves is unlikely to be less than that in

Mowlem

On the whole investors are probably not too bothered whether or not the Stock Exchange's company news service turns into a sort of electronic Exchange and Mart. Mowlem shareholders, though, may wonder whether the unusual decision to publish its adviser's telephone number on it for the benefit of "interested parties" reflects the urgency of signing a London City airport deal.

The company insists not, and to be fair the financial warning lights are bardly flashing. Mowlem's balance sheet looks reasonably robust by contractors' standards - gearing should not be more than 35 to 40 per cent this year - and 1991's 31/4 times interest cover provides a respectable buffer. The scaffolding side ought to be a cash generator even in depressed times, and though a cash outflow is expected on the contracting side there are no

That said, the decision to flush out same cushion as pure equity.

start to generate cash over the next 12 to 18 months, while the promoters can point to improved road access and recent successes in developing new services. But an operating loss on the airport looks inevitable this year one incidentally which will show up in the group profit and loss account now the 1990 provision has been exhausted — while the required passenger vol-umes for breaking even still look some way off. Perhaps Mowlem has simply

and not unwisely - decided to cut
its losses on a Dockiands excursion
conceived in headier days.

Invergordon

Yesterday's 11 per cent increase in interim profits from Invergordon made a refreshing change to a dull diet of depressed earnings. The manage-ment's strong grip on the business is demonstrated by increasing margins and market share, in spite of falls in wholesale whisky prices. True, the performance is flattered by recession, as consumers switch to cheap scotch. Nevertheless invergordon's success in this own-label market is impressive.

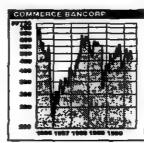
That said, the spectre at the feast is Whyte & Mackay's 41 per cent stake in the company. Given the value Whyte-clearly places on invergordon's grain distillery and whisky stocks, a fresh bid seems likely when it is free to renew its assault in November. But with Whyte probably having to pay 50p-75p more than last year's failed 275p offer, there is room for doubt. Whisky prices are weakening, and at the same time, invergordon stands at a premium to the sector. If prices continue to ease. Whyte may just decide that it can get the shares cheaper if it

UK insurers

The solvency ratio seems to be under growing fire as a reliable guido to an insurance company's health and quite right too. It has been clear since the underpricing of the late 1980s that premium income is an Inadequate proxy for measuring scale of risk. Yesterday's placing of cumula-tive irredeemable preference shares by General Accident, though, also highlights loopholes in the other half of the calculation. Although qualifying as capital for the purposes of the official solvency ratio calculation, cumulative press hardly offer an insurer the

Boom.

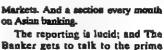
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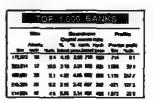
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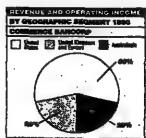
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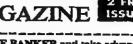
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listening to his sermons, Mr central bank, is also understood to be concerned about the lack of

co-ordination in Bonn's fiscal and

economic policies.

A recent flow of ideas for boost-

ing the economy, including pro-posals for tax changes, road toils and suggestions of forcing non-in-

vesting high earners to buy gov-

ernment bonds to support the

east, has compounded the

impression that Bonn is uncertain of how to conduct its eco-

Mr Weiss, meanwhile, said in a

newspaper interview yesterday that the cause of his resignation was an internal dispute within

the BDI federation. As its leader,

he had always refrained from

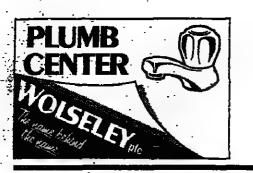
During his 20 months in office, the federation had maintained

good contacts with "ministers

important to us", Mr Weiss said.

These included Mr Jürgen Mölle-mann in economics and Mr Theo

criticising Mr Kohl.



FINANCIAL TIMES

COMPANIES & MARKETS

Thursday September 3 1992 **OTHE FINANCIAL TIMES LIMITED 1992**



IBM and Canon in PC venture

International Business Machines, the US computer company, and Canon, the Japanese office equipment and camera maker, have joined forces to develop compact personal computers. The project aims to build portable desktop machines that incorporate a small printer using Canon's bubble-jet technology. Page 18

Lamb with fresh fruit

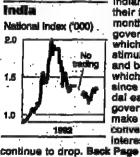


Starving sheep and lambs on New Zealand's South Island are being nourished with kiwifruit. The fruit's farmers are sending 11,000 ionnes of produce not considered good enough for export. The sheep are survivors of freak bliz-zards and it is believed the fruit will help rebuild their strength. Page 22

Cheers for Invergordon

Growing demand for supermarkets' own-label Scotch whisky helped invergordon Distillers Group litt interim pre-tax profits from £13.1m to £14.6m (\$29m). Volume sales to retailers such as Tesco and Saleway rose 12. Page 21; Lex, Page 14

Bombay shakes off scandal



indian bourses, enjoying their first rally for three months, are awaiting government measured which they hope will and boost equity values which have languished aince a securities scan dal early in May. The government plans to make the rupee fully convertible and lower interest rates if prices

TNT optimistic despite loss

TNT, the Australian transport group, announced its second annual loss of nearly A\$200m (US\$144m) but said that two years of restructuring had put it in "a strong position to return to profitability". Page 17

Seagram profits sheed Seagram, one of the world's top four drinks groups, says its policy of concentrating on higher-margin premium brands is paying off in higher profits. Page 17

CRH increases by 7%

CRH, the international building materials group and one of Ireland's biggest companies, yesterday reported a 7 per cent rise in pre-tax profits during the six months to the end of June from (£21.1m to (£22.6m (\$42.4m). Page 20

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New Int. bond betwee
World convincity prices.
World stock mixt indices
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ING Indust Control Serve American Trust Invergordon 15 ML Holdings Page (Michael) Philip Morris Palon Rank Organisation Royal Bank of Canada Serrio SelecTV Senior Engineering Serco lectricity Package Eng & Overseas Props 23 TNT

Chief price changes yesterday PARIS (PFr)
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plunges 57% due to loans

By Bernard Simon in Toronto

ROYAL BANK of Canada, the country's biggest financial institution, suffered a 57 per cent plunge in third-quarter income, largely because of further writedowns on its loans to ailing property developer Olympia &

RBC has now classified its entire C\$766m (US\$640m) exposure to O&Y as non-performing. An official said yesterday that a "significant", but not the entire, amount will be written off as a charge against income.

More than a third of RBC's exposure is in the form of partici-pation in a substantial loan secured by O&Y's shares in newsprint maker Abitibi-Price and Gulf Canada Resources. The O&Y losses have been

partly instrumental in Royal more than doubling its estimate of specific loan losses for fiscal 1992 to C\$1.45bn, from C\$705m The official said the rest of the

increase is due mainly to difficulties at Central Capital, a troubled Canadian financial institution, and to other property borrowers in the Toronto area.

Recoveries of earlier provisions

ever, reduce the losses charged against income to C\$1.15bn for

Net earnings slid to C\$112.4m. or 26 cents a share, in the three months to July 31, from C\$261.3m, or 77 cents, a year ear-

Loan-loss provisions for the quarter rose sharply, to C\$390m from C\$155m, but were partly offset by wider domestic interest rate margins and by a strong contribution from RBC Dominion Securities, the bank's securities dealer subsidiary. Dominion Securities earned almost C\$25m in the third quarter.

The return on equity tumbled to 5 per cent from 16.1 per cent, and return on assets was down to 0.33 per cent from 0.80 per cent. Total assets stood at C\$139.5bn on July 31, up from C\$130.2bn a year earlier.

Total non-performing loans, excluding Third World debt, have jumped in the past year to C\$2.85bn from C\$1.79bn.

In spite of its loan problems RBC maintains a strong capital position. Its ratio of total capital to assets was 9.5 per cent on July 31, or 10.3 per cent if measured by US regulatory definitions. Royal Bank's shares dropped 25

Frenchman given president's post at Euro Disney

By Alice Rewethern is Paris

EURO Disney, which has been beset by rumours of poor atten-dance since the spring opening of its ambitious theme park outside Paris, is reshuffling its senior management in an attempt to park and its merchandising inter-

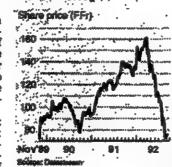
The news of the management changes came shortly after stock market reports of an improvement in last month's hotel occupancy rates and in the level of attendance by French visitors at the Euro Disneyland complex. The reports fuelled a rise in

Euro Disney's shares, which have fallen beavily over the summer, by FFr5 to FFr77 during the day. The shares were first traded on November 7, 1989. Euro Disney is appointing Mr

Philippe Bourguignon, 44, as president reporting to Mr Robert Fitzpatrick, who is promoted from president to chairman. Mr Bourguignon, a Frenchman,

joined the group in 1988 from Accor, one of France's largest hotel and leisure companies, and has since been responsible for its construction and property devel-

One of the chief criticisms of Euro Disney has been that the company has been slow in adapting the management and market-ing techniques developed by Disney, its US parent, to the Eiro Disney



different demands of the Euro pean market. Euro Disney said yesterday

that Mr Bourguignon's appointment reflected its long-term plan to replace the US executives, who had helped to launch the park. with Europeans.

However, Euro Disney is bringing in Mr Steve Burke, 34, from the US to take responsibility for its theme parks and merchandising as executive vice-president. Mr Burke worked on Disney

merchandising in the US where he pioneered the development of the Disney stores chain. The group is also appointing

Mr Sanjay Varma, 37, as president of its resorts activities, which include the Euro Disney-Euro Disney recently admitted

that the occupancy levels at its hotels had been below expecta-

Loss-making Swedish bank appoints chairman

By Robert Taylor in Stockholm

NORDBANKEN, Sweden's loss-making state-owned bank, yesterday appointed a new chairman. Mr Jacob Palmstierna, the current deputy, will take over from Mr Bjorn Wahlstrom, who is leaving the bank.

Mr Palmstierna will work closely with the bank's chief executive Mr Hans Dahlborg. who remains in his post.

Mr Palmetierna said that the restructuring of Nordbanken should pave the way for its privatisation. At the beginning of next year around SKr60bn (\$11.2bn) of its risk-related loans and debts will be removed from its balance sheet and placed in a new stateowned company called Securum. The bank has a loan portfolio of SKr250hrt

However, the disappearance of the worst credit loss problems from the bank will enable it to concentrate on becoming more domestically based and to appeal more strongly to private customers, the public sector and small

and medium-sized companies. Mr Palmstierna said the bank would not be ripe for privatising in 1993 and it would need "five to six quarters of profitable operations" before it could be considered to have returned to iability

In the first four months of the year it made an operating loss of SKrl.97bn following a deficit of SKr5.8bn in 1991.

The bank has received SKr20bn of Swedish taxpayers' money to help it stem the flow of losses due to bad loans in property speculation. It plans to cut its 6,500 staff by 1,400 over the next 18 months. These cost-saving measures are designed to ensure it maintains strong capital

Mr Palmstierna, when chief executive of Skandinaviska Enskilda Banken, Sweden's largest commercial bank, where he had spent his banking career, was charged with tax evasion. Although cleared of the charge, he was forced to resign from

When Nordbanken's leadership was dismissed by the Swedish government in January 1991 as the magnitude of the bank's credit losses became known, the newly-appointed chairman Mr Wahlstrom decided to appoint Mr Palmstierna as his deputy. The decision was approved warmly by Mr Allan Larsson, the then Social

relations firm, heard that the company had appointed receivers on Thursday July 30 they were

shocked.
When they heard later that same day that the principal divisions of the company - which owed them £10m (\$20m) - were to be sold in two buy-outs headed by existing directors, they were livid. They were also powerless.

Over the last few years, a new trend has accompanied the growth of "people businesses" -

those companies, in businesses such as advertising and market-ing, in which the most valuable ssets are the employees. Insolvency practitioners called in as receivers have acted with controversial speed in selling them to the current manag

Last month saw the high-speed transition from receivership to sale of subsidiaries of Burns-Anderson, the recruitment and financial services group. Within Dorian Marks, the finance director of its recruitment arm, had bought 16 of the 21 recruitment offices on behalf of a new compeny, Premier Employment.

Before that was the case of Babcock Prebon, the financial services company, which called in receivers one Friday afternoon in September 1991. By the early hours of the following Sunday a management buy-out headed by Mr Arthur Hughes, chief execu-tive, was in place. PKB, a large marketing services group, went into receivership in July 1990. Yellowhammer, an advertising agency, followed within a month. In both cases, subsidiaries were sold within a few days.

When subsidiaries are sold to the management - as in some, but not all, of these cases - creditors are increasingly starting to complain. They often feel aggrieved that some of the directors running a company at the time — and responsible, therefore, for incurring debts which cannot now be met — are able to make a smooth transition to tak-

ing charge of its successor. Mr Jonathan Phillips, an insolvency partner with Price Waterhouse, says: "What a sale really comes down to is getting the best price available, not looking at the duct of the directors.

He says it is only later that the role of the directors is closely examined, during the investigations for the compulsory report the receiver must submit to the Department of Trade and Industry on the circumstances surrounding every corporate insolvency. He argues that creditors are more concerned with getting their money back than raking over the directors' involvement in the company's collapse.

Acquisitions help Bowater profits to rise by 19%

By John Thornhill in London

BOWATER, the diversified UK packaging and printing business newly installed in the PT-SE 100 index, produced a 19 per cent profits to £62.4m (\$124.2m) as it successfully digested recent acquisitions and improved oper-

But the company warned that the outlook for the second half remained uncertain in Europe although it expected continued improvement from its operations in North America.

Group turnover from continuing businesses rose 23 per cent to £706m in the six months to June 30 and operating profits were 31 per cent up at £61.1m. Mr David Lyon, chief execu-

tive, said the packaging market was suffering from deflationary pricing and rising costs. But these pressures were largely offset by partnership arrangements with long-term customers. DRG Packaging and Cope All-

man Packaging, two companies bought in March for £444m, bolstered Bowater's sales and enhanced earnings, largely thanks to cheap acquisition fin-Mr Lyon sald Bowater had

invested heavily at the bottom of the economic cycle and should reap the rewards when condi-

Bowater's fully diluted earnings per share rose 7 per cent to 22.3p following its one-for-three rights issue in March. The interim dividend was lifted 9 per

cent to 9.7p.
Mr Lyon said Bowater would consider "bolt-on" acquisitions and aimed to strengthen its posi-

RBC's income When an insolvent company's main asset is its staff, receivers are going for a speedy management buy-out, reports Andrew Jack

W hen creditors of Corporate Communications, the parent of Charles Barker, the UK's oldest public relations firm based that the Communications of Charles are the UK's oldest public relations firm based that the Communications of Corporate Communications of Corporate Communications of Corporate C worry about a quick sell



RACE AGAINST TIME: in people businesses, receivers say they must push sales through before the sand runs out

A more practical question for creditors is whether such speedy sales to existing management close off the possibility of finding alternative buyers who might

After the two management buy-outs from Corporate Communications, a number of other public relations firms said publicly that they would have been interested in purchasing the company. More generally, creditors and potential purchasers often complain that sales have not been

But Mr Ian Bond, a partner with Cork Gully who was joint receiver to Corporate Communications, Babcock Prebon and Yellowhammer, stresses the impor-tance of rapid sales which often do not leave time to foster many offers from third parties, "People businesses fall apart very quickly

after a receivership," he says. "Speed is essential." Clients, customers and staff - anxious not to be tarred by the brush of a bust company or risk losing money - drift away, leaving the receiver with nothing of value to sell. Any time wasted advertising for or seeking out external purchasers could only precipitate

often expressions of interest do not translate into serious offers. There will be delays while companies carry out due diligence, he says. During the summer, with senior executives on holiday, he adds that it is very difficult to get external potential buyers to commit quickly.

A third point is how long a delay is acceptable between the decision to appoint receivers and the moment at which creditors are informed. Corporate Communications, for example, has said that it passed a resolution to appoint receivers on July 23. This was one week before most of the creditors were informed.

During that period, the two management buy-outs were prepared, with financial backing from Bank of Scotland, its banker, and USF&G, the US insurance group which owned 60.2 per cent of Corporate Conmunications. Meanwhile, ignorant of the company's imminent receivership, other creditors continued to do business with the company. For example, newspa-pers - including the Financial Times - continued to accept advertisements from Charles Barker, adding to their exposure

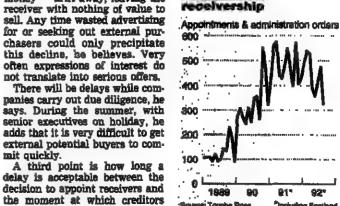
to the receivership. Mr Tim Hayward, head of corporate recovery at KPMG Peat Marwick, says that a ble creditor will always push for a receiver at the time which suits it best financially. Other creditors inevitably have less power and may suffer

Finally, there is the question of whether the bank to a company in receiver-ship should be allowed to support a buy-out - a practice which Mr Bond says is becoming more common. That allows a large existing creditor considerable control over the pace of the receivership, the chance to recover or reschedule substantial debts it is owed and the opportunity to profit from the emergence of the new company.

Of course, in people businesses like these - where there are typically no substantial fixed assets it is likely that only a bank with detailed knowledge of a collansed company's finances would be willing to put together a buy-out quickly enough to meet the receivers' need for speed.

As more and more UK companies generate revenues from intellectual effort rather than physical products, the issue is likely to become a more presing - and insolvency practitioners bandling such cases will have to deal with a steady chorus of grumbling from creditors.

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Elkem seeks delay on repayment

By Karen Fossii in Oalo

ELKEM, the troubled Norwegian light metals producer, is seeking permission from the industry ministry to delay repayment of a NKr270m (\$46.8m) state loan which is due in mid-1993.

The loan financed Elkem's acquisition two years ago of a stake in former state-owned Norsk Jern Holding, which controls steel production and distribution companies.

The company said yesterday that the request was not prompted by the deepening crisis for Norway's short-term commercial paper market. Elk-em's A shares closed 16.7 per cent down at NKr30 and free shares plunged 20 per cent to

The company's other loans are being serviced in accordance with stated agreements.
Norway's NKr16.5bn short-term commercial paper loan market, called certificates

domestically, is suffering from a liquidity squeeze after UNI Storebrand, the country's big-gest insurer, last week collapsed into the hands of state administrators when its holding company could not repay an estimated NKr3.6bn in

This week. Investa A/S. a Bergen-based investment company, won court protection from creditors after failing to remit on certificate loans of an The certificate market is jittery over NKr4.3bn worth of debt due for payment this The central bank yesterday reiterated that it would provide

liquidity to loans to companies in situations where their funding deteriorates for reasons not connected directly to them. "Elkem is not dependent on the certificate market, but has

facilities," it said. The company added that it was not affected by the conditions that caused problems for UNI Storebrand and Investa. State administrators of Uni said yesterday that it was

NKr358m in short-term loans

through the bond market,

banks and syndicated loan

of its financial situation the week before it collapsed. Elkem said that it had total net interest-bearing debt of an estimated NKr3.9bn.

seeking to delay repayment of the loan because Norsk Jern had not performed up to expec-

The company is planning further staff reductions at domestic aluminium and ferrosilicon plants, to be announced at the end of this mouth. Elkem today will also announce plans to reduce domestic ferrosilicon production by 10,000 tonnes out of annual capacity of more than 200,000 tonnes.

Vestey arm agrees refinancing with banks

By Roland Rudd in Londo

UNION INTERNATIONAL, the financially troubled trading arm of the Vestey Group and one of the UK's largest private companies, has agreed a £300m (\$597m) refinancing package with its steering committee of nine banks.

The arrangement, which was also approved by an annual and extraordinary shareholders meeting on Tuesday, has been sent for approval to the group's other 70 banks from 25 countries.

They have been told that the fall in the value of Union's property and the rationalisation of the Dewhurst butchers chain is likely to result in a net write down of the compa ny's £176.7m net assets to less than £42m in accounts for 1991, which are due to be published in October. Under the terms of the reli-

nancing package the bankers will continue to provide lending facilities to Union, which was in breach of its net banking covenants, until the end of

Union has also told its hank ers that it will reduce its £300m debt, which has already fallen from a peak of £420m, through a series of disposal and possible flotations of sub-sidiaries in the underdeveloped stock markets in South

to shareholders, the refinance ing agreements "include the provision by the Vestey family and related companies . . . of a financial package worth up to £35m to the Union Group

and its hankers". Union's articles of associa tion have been changed to allow the company to extend its borrowing limit because of

The Dewharst butcher chain, which is in the process of being slimmed down from 1,000 retail outlets to 600, will become a candidate for sale if the debt reduction programme takes longer than

The company hopes to have the agreement of all its bankers by the end of October.

Sarrio acquires Slovenian cardboard unit for Pta8bn of the Swedish Stora-Fedmulhe

SARRIO. the Spanish cardboard manufacturer controlled by Italy's Saffa group, has paid Pta8bn (\$88m) to acquire 76 per cent of Papirnica Kolicevo, the leading pro-ducer of stucco cardboard in

The takeover, which marks one of the largest disposals to date by Slovenia's privatisation agency, lifts Sarrio's annual output of cardboard to more than 800,000 tonnes making it western Europe's second largest manufacturer after Austria's Meir Menholf and ahead Under the terms of the acqui-

sition 24 per cent of Papirnica Kolicevo, which had a turnover of Pta5.2bn last year, will be held by Slovenia's development agency and Pta3.4bn of the purchase price will be allocated to improving the plant's productivity. Sarrio said that in the mid-term Papirnica Kolicevo's present output of 100,000 tonnes, 50 per cent of which is exported to the European Community, would be increased to

180,000 tonnes. The takeover represents the biggest investment to date by a Europe and is funded by a Pta9.4bn convertible bond issue last year and by Sarrio's cash flow. The bond is also financing a

Pta3.5bn investment pro-

gramme in the company's two plants in Spain. Sarrio was merged in 1990 with Italy's Cartiere Saffa, a cardboard producer with three units in Italy owned by the Saffa group, and the business was headquartered in Spain because, with fund raising for future investments in mind, the Spanish markets were preferred to the Italian ones.

London market. Profit in non-

tinued strong growth in inter-national lending pushed pre-

tax banking profit up 10.4 per

The total loan portfolio

climbed 4.6 per cent to

On the banking side, a con-

life insurance was ahead.

Philip Morris in Russian deal

By Philip Rawstorne

PHILIP MORRIS, the US tobacco and food group, is expected to announce details tomorrow of a deal for the production of Marlboro cigarettes

in St Petersburg, Russia. The move will extend the group's operations in eastern Europe, It has a subsidiary in eastern Germany and has acquired interests in former state-owned cigarette producers in Czechoslovakia and Hungary. Philip Morris supplied the Russian republic with 22bn

Commerzbank postpones issue

COMMERZBANK said that it had decided to postpone its month because of the weak state of the German stock mar-

The bank had planned to raise up to DM600m (\$428m), assuming a price of around DM200 a share. The shares closed at DM218 compared with a year's high of DM274.

The bank did not say when it was likely to make the issue it actually has shareholder's approval to issue 8m new shares, but is expected to limit the rights issue to around 3m. which could now occur at the end of this year or in 1993. depending on the state of the Mr Friedrich von Metzler, a

partner in the Metzler private ank, is resigning as chairman of the Frankfurt stock exchange to pave the way for a successor from one of the big German banks as part of the restructuring of the German bourse system.

With the setting up of Deutsche Börse AG to run Germany's eight stock markets on a more centralised basis, Mr

should be held by a market participant represented on all of the bourses. He proposed that Mr Rolf Breuer, a director of Deutsche Bank, be elected next January as chairman of both the Frankfurt stock nge and the supervisory board of Deutsche Börse.

Mr von Metzler said the formation of Deutsche Börse would raise the financial scene to a new level of quality, with all bourses co-operating to modernise the German securi ties market. Frankfurt is by far the largest of the eight stock markets, with Düsseldorf in

Dutch insurer improves 7.2%

the strongest increase coming in the life insurance activities,

which generated half the total

income. Growth was strong on

the North American and Aus-

By David Brown

FIRST-HALF net profits at Internationale Nederlanden Group (ING), the Dutch banking and insurance company, improved by 7.2 per cent to F1 758m (\$460m) on turnover up 3.6 per cent to Fl 23.9bn.

In spite of higher personnel costs. ING held the overall increase in expenditure to 3.4 per cent and pre-tax profit climbed 6.9 per cent to Fl 1.02bn

On the insurance side, total premium income advanced by 5.5 per cent to F19.9bn, with

tralian markets and generally stagnant in Holland. The combined pre-tax result of the insurance operation was Fi 495m, an increase of 3.7 per cent against the same period in

Profit fell in the re-insurance business. On Tuesday, ING

announced plans to stop writing new business in its lossmaking UK-based Orion subsidiary, which specialises in marine and aviation on the

Fl 132.3bn. Domestic corporate and personal lending was stagnant. Overall group income from lending and investments was up 1.8 per cent to FI 12.9bn, while commission and other income rose 7.7 per

cent to Fl 550m.

cent to Fl 1.07bn. ING has declared an interim dividend of Fl 1.55 per share.

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Benetton family reorganises sports sector

ITALY'S Benetton family, which controls the Italian clothing group of the same name, is reorganising its sports equipment sector, built up over the past three years through a series of takeovers.

The acquisitions, which include Prince, the US tennis racquet maker, have been held by Edizione Holding, the Benetton's private family holding company.

Under the reorganisation, a new holding company, Benetton Sportsystem, is being cre-

NEWS IN BRIEF

ated to control all the family's sports equipment activities.

J. Lauritzen, the Danish shipping and shipbuilding group, announced pre-tax profits for the first six months of 1992 of DKr157m (\$29m), compared with DKr118m for the same period last year. Profit after tax and minorities was DKr111m after the first half of 1991's DKr77m, writes our

The company expected a poorer result for the whole of 1992 than the DKr588m pre-tax profit it posted in 1991.

However, shipbuilding at its

The company said its firsthalf result was acceptable.

two Danish yards had been disappointing. Lauritzen reported DKr6.85bn group sales for the first half of 1992, compared

with DKr6.47bn for the same

period last year. Banco Exterior, a state-controlled enterprise and one of Spain's leading financial insti-tutions, raised its first-half consolidated net profits by 16 per cent to Pta16.2bn (\$178.9m),

writes Tom Burns. The bank, which is an important player in the public sector and has frequently been cited as a possible candidate for partial privatisation, raised its consolidated operating profit by 8.3 per cent to Pta39.8bn and its cash flow by 15 per cent

Templeton Emerging Markets Investment Trust PLC

Notice to the holders of

1% Convertible Unsecured Loan Stock 2001 ("Convertible Stock")

In accordance with and subject to the provisions of the Trust Deed dated 12 June 1989 ("Trust Deed") between the Company and the Governor and Company of the Bank of Scotland constituting the Convertible Stock, the Company has today declared a Tender Notice to each Stockholder. The Company hereby invites each Stockholder to tender all or some of their Convertible Stock for sale to the Company.

The Tender Price payable in respect of Convertible Stock purchased pursuant to this Tender Notice is £1.60 payable for every £1 nominal Amount of Convertible Stock

The Tender Period for 1992 will remain open until midnight on 12 September 1992 and accordingly Stockholders who elect to tender all or any of their Convertible Stock must complete and sign the Form of Tender enclosed with the Tender Notice, attach their Convertible Stock Certificate(s) and forward thens to the Company's Registrars, Bank of Scotland, Registrar Department, 26A York Place, Edinburgh EH1 3EY to as to arrive not later than undnight on 12 September 1992.

Stockholders who wish to obtain further copies of the Tender Notice or Forms of Tender should contact the Company's Secretaries, Templeton Investment Management Lunnted, Templeton House, Atholi Crescent, Edinburgh EH1 NHA (telephone 031-228 3932).

FAR EASTERN TEXTILE LTD.

US\$50,000,000 4 per cent. Bonds due 2006

Pursuant to Section 6.2 of the Indenture dated as of October 7, 1991 (the "Indenture"), among Far Eastern Textile Ltd. (the "Company"), Citibank, N.A., London Branch as Principal Paying Agent and Citicorp Trustee Company Limited as Trustee, relating to the issuance by the Company of US\$50,000,000 aggregate principal amount of 4 per cent. Bonds due 2006 (the "Bonds"), we hereby notify you that the new-adjusted Conversion Price NT\$41.67 per share will take effect on September 3, 1992 ex-dividend data. This adjustment is based on the declar

1992, ex-dividend date. This adjustment is based on the declaration of 98,252,700 shares for the stock dividends of 1991. These stock dividends are funded by the appropriation of both unappropriated earnings (NT\$614,079,375) and capital surplus (NT\$368,447,625) in 1991.

September 3, 1993 By Centrank N.A. Principal Paying and Convention Agent CTTBANCO

By order of the Board

D B Anderson

for Templeton Investment Management Limited Southern

2 September 1992

LEGAL NOTICES

MEMILITE LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 98 of the Insolvency Act 1986 that a Meeting of the Creditors of the above-named Company will be held at 78 Haston Gorden London ECT on 4 September 1982 at 11.00mr for the purposes mentioned in Section 79 to 101 of the sald Act Creditors withing to vote at the Meeting must lodge their proxy, together with a full statement of account at the registered effice - News Garden House, 78 Haston Garden, London ECTN 8JA, not later than 12 noon on 2 September 1992. For the purposes of velling a secured creditor is required fundees he surrenders his security; to lodge at New Garden House, 78 Haston Garden, London ECTN 8JA, before the meeting, a statement giving parsiculars of his security, the date when it was given and the value at which it is assessed. Notice is further gives the a Bet of the manus account of the security of the Company's creditors may be inspected, fee of charge, at New Garden House, 78 Hatton Garden, London ECTN 8JA, between 10,000 am and 4,000 pm on 18 sale, between 1940 prepared on the streeting stated street. MANLITE LIMITED

business days preceding the date of the meeting stated above.

By Order of the Board. Davis James Lee - Directo

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NOTICE TO CREDITORS TO SUBMIT CLAIM

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DORRECTION NOTICE AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED Sterling Floating Flate Notes due 1997

In accordance with the provisions of the Notes, notice is horoby given that the rate of interest for the period from August 26th, 1982 to November 28th, 1992, has been fixed at 10.875 per cent

per annum.

On November 26th, 1992 interest of sterling 137.05 per sterling 5.000 nominal amount of the Notes, and interest of sterling 685.27 per sterling 25.000 nominal amount of the Notes. efficient annual annual of the rec will be due against Coupon No. 32. Swiss Bank Corporation

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October 14 1992. from its print centres in Tokyo, New York, Frankfurt, Paris and London. It will be read by senior businessmen and government officials in 160 countries worldwide. It will also be of particular interest to the 130,000 directors and

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INTERNATIONAL COMPANIES AND FINANCE

Toyoda Machine to pull out of base in France

By Robert Thomson in Tokyo

TOYODA Machine Works, the Toyota Motor affiliate, plans to close a French machine toolplant once viewed as the company's strategic footbold in the European market. The closure, planned for next

vear, is a sign of the general restructuring of Japan's manufacturing industry, which is attempting to reduce capacity and is being forced to review foreign investments made dur-ing the 1980s.

Ernault-Toyoda Automation (ETA), based in Cholot, near Nantes, has been making automatic lathes and machining centres, but Toyoda Machine said yesterday the manufacturing operations are likely to cease and ETA will become a

By Steven Butler in Tokyo

IBM, the US computer

company, and Canon, the Japa-nese office equipment and cam-

era maker, have joined forces

to develop compact personal

-The aim of the project is to build portable and small desk-

top machines that incorporate

a small printer using Canon's

bubble-jet technology.
Initially, Canon is to make

the computer in Japan for sale

under its own name, and will

supply the product to IBM on

an original equipment manu-

wes 7.29

TING

992

sales and service company for imported machine tools.

Toyoda Machine reported a consolidated net loss of Y4.8bn last year, and blamed its poor performance on the downturn in Japan's domestic economy and troubled markets in Europe and the US. The company was forced to set aside Y3.8bn to cover losses at ETA, and has forecast a group loss of Y2.5bn (\$20m) for the current year to the end of March.

The Japanese machine tool maker has closed a US plant and announced early last year that ETA's workforce, now at 200, would be halved. Its attempts to salvage foreign manufacturing bases were undermined by the sharp fall in capital spending at home, as the industry last fiscal year

facturer basis. It is to be based

on the PS/55 computer made by

IBM Japan and will be avail-

Canon Sales, a subsidiary of Canon, markets IBM comput-

ers in Japan, Canon also sup-

plies bubble jet printers to IBM on an OEM basis.

The two also plan to develop

ties in the field of multi-media

devices, which combine audio,

video, computer, or communi-

For IBM, the collaboration is

the latest in a series of co-oper-

ative arrangements with Japa-

extion functions.

able in the "near future".

reported a 24 per cent fall in new orders.

Several Japanese manufacturers are known to be reviewing overseas investments that appeared to be wise strategic purchases during the 1980s, but which have since become a burden to a faltering parent company.

Meanwhile, other manufac-

turers are trimming product lines and revising longer-term

Toyoda Machine took a stake in Ernault, a French machine tool maker looking for an infusion of cash and technology, during the early 1980s. Ernault Toyoda Automation became a Toyoda Machine subsidiary and the Japanese parent has continued to pump fresh funds into the ailing company,

many to develop technology for the 256 megabit dynamic

random access memory chip. Hitachi and IBM recently

agreed to work together on

Canon has a growing busi-

ness making computer periph-

The new venture is to be called A&T Battery. Sample

shipment and marketing will

batteries was Y150bn last year,

and is expected to increase by

printing technology.

Last week, it announced an IBM and Canon in PC venture new strategy, following a restructuring last year. IBM is developing flash memory devices - semicon-ductor chips which retain memory after power is turned off - jointly with Toshiba. IBM has also joined forces with Toshiba and Siemens of Ger-

Under the revised version. the two groups would set up a joint holding company but would continue to be managed separately by chief operating officers in Calgary and Mon-treal. Domestic and international routes would be ration-

would receive one share in the new holding company for each

Mr Hollis Harris, Air Canada chief executive, said the offer build a strong Canadian car-rier for the future, and not as an Air Canada takeover".

PWA has made no secret of its distaste for any deal with Air Canada. Earlier this week, it asked a court to declare insolvent the computerised reservation system which it shares with Air Cauada. The move is widely interpreted as an effort to link Canadian Airlines to the Sabre network owned by American Airlines.

in new plan for merger with PWA

By Bernard Simon in Toronto

AIR CANADA has presented a new merger proposal to PWA, holding company of Canadian Airlines International, which aims to overcome objections to earlier plans for the creation of a single national airline.

The proposal is the latest move in a battle for survival between the two Canadian carriers, both of which are suffering heavy losses.

Air Canada is anxious to thwart moves by Calgarybased PWA to revive plans for an alliance with American Airlines. At the same time, the Montreal-based carrier is taking steps to forge its own international links.

offer with a group of Texas investors to buy Continental Airlines of the US, which is operating under bankruptcy protection. Air Canada's latest proposal to PWA seeks to answer fears that a new monopoly carrier would be dominated by Air Canada and would result in massive job

alised to minimise competition.
Shareholders in each airline

share presently held.

"is viewed as a partnership to

Air Canada TNT repeats shortfall of A\$200m

By Kevin Brown in Sydney

TNT, the Australian transport group, has suffered its second consecutive annual loss of nearly A\$200m (US\$143m), but claimed that two years of restructuring had put it in "a strong position to return to profitability".

The results, issued yesterday amid stock market confusion over the timing of the announcement, showed TNT lost a net A\$195m after abnormal items on an equity accounted basis in 1991-92,

against A\$199m last time. The worse-than-expected result, together with the decision to maintain maximum liquidity by passing the divi-

three cents to A\$1.24. Equity accounted net operat-

ing losses increased from A\$61m to A\$100m, partly because of reorganisation and redundancy costs of A\$33m. The operating loss increased in spite of a fall in net interest

expense from A\$167m to A\$110m, reflecting lower interest rates and a reduction in debt to A\$1.1bn from A\$2.4bn. TNT said the bottom line loss was struck after net abnormal losses of A\$95m, including A\$35m against the start-up costs of GD Express Worldwide, a joint venture with European and North American

nost offices. However, TNT made a net

dend, pushed the shares down profit of A\$4.5m on a consolidated basis, which excludes the group's investments in associated companies, compared with a net loss of A\$15m the previous year.

The group's share of losses from Ansett Transport Industries, the Australian airline business jointly owned with News Corporation, declined to AS66m from A\$102m.

Analysts said the result suggested that Ansett was recovering from the effects of recession and a price war which followed deregulation of domestic aviation in 1990. However, airline competition is likely to strengthen again following the launch of a new domestic airline this month.

cent investment in the Eastwest regional airline group rose from A\$21m to A\$71m. including an abnormal loss of A\$36m to write off goodwill.

The group said Eastwest was expected to achieve "a significant improvement" in earnings in the current year.

Ansett Worldwide Aviation Services (AWAS), an aircraft leasing group jointly owned with News Corporation, con-tributed A\$1m to equity accounted profits, compared to A\$2.4m in the previous year. Revenue declined to A\$3.6m from A\$4.8m on a consolidated basis, and from A\$6.6m to A\$6m on an equity accounted

Policy change lifts Seagram

By Robert Glbbans

SEAGRAM, one of the top four drinks groups, says its policy of concentrating on highermargin premium brands is being reflected in higher prof-

For the second quarter ended July 31 sales of spirits, wines and other beverages gained 2 per cent to US\$1.41bn, more than making up for the sale of several North American spirits

Operating income was \$2.65bn, against \$2.78bn.

aluminium stake

By Kenneth Gooding, Mining Correspondent

ALCOA, the world's biggest aluminium group,

has sold its 44.3 per cent interest in Grupo Aluminio, an aluminium producer in Mexico, as

The buyer, Grupo Carso, a diversified Mexican

company, paid \$50m and Alcoa says it will show

pre-tax loss of about \$3m on the transaction. Aluminio owns an aluminium smelter with an

annual capacity of about 66,000 tonnes, which

was shut temporarily earlier this year because

fabricating operations, including three mills.

At the same time, Alcoa has bought a metals

distributor, Alutudos, from Aluminio for an

undisclosed sum. Alutudos operates 15 distribu-

Alcoa said yesterday it was making an evalua-

tion of its strategic options in the country.

Prices let efection describinated for the purposes of the electricity cooling and settlement arrangements at Etheleum and the settlement arrangements at Etheleum and the settlement are settlement and the settlement and the settlement are settlement at the settlement and the settlement are settlement at the settlement

17. 18 17.71 17.71 17.71 17.71 17.71 17.71 17.70

f depressed market conditions, and associated

part of a strategic change of direction there.

\$160m, against \$120m. After In June, Seagram increased including \$72m in dividends from its 25 per cent interest in El du Pont de Nemours (\$69m a year earlier), and \$33m equity in unremitted du Pont earn-ings, compared with \$61m, Seabrands worldwide. Metali Mining, a fast-growgram's final net profit was \$152m, or 41 cents a share, against \$149m, or 23 cents, a

year earlier. First-half final net profit was \$319m, or 85 cents, down from \$337m, or 89 cents, a year earlier, because of lower equity in du Pont's earnings. Sales were

Alcoa sells Mexico | Anglovaal not to

its 49 per cent interest in a Venezuelan distiller and a Ven ezuelan distributor to 100 per cent. This was in line with its policy of developing premium

ing Canadian resource holding company controlled by Ger many's Metallgesellschaft, earned C\$3.87m (US\$3.25m), or 8 cents a share, in the first half, against a loss of C\$2.5m, or 6 cents, a year earlier, on revenues of C\$106m against C\$84.4m.

develop gold mine

THE decision by Anglovsal mining house not to

develop the Sun gold prospect has effectively

put the seal on the development of any new gold mines in the country until the investment cli-

The high hopes Anglovaal held out for the mine, near Bothaville in the Orange Free State,

are reflected in the R143m (\$51.60m) it was pre-

pared to spend over 11 years drilling the area.

Anglovaal said that while the results of the

completed drilling programme were encourag-ing, "non-geological factors" - the gold price,

were "too uncertain to justify major capital

expenditure on this valuable asset at present".

Johannesburg Consolidated Investments has still to decide whether to proceed with its South

exchange rate and political developments

By Philip Gawith in Johannesburg

mate improves dramatically.

CRA declines **6.8%** after A\$32m charge

By Kevin Brown

CRA, the Australian mining group 49 per cent owned by RTZ of the UK, yesterday said equity accounted net profit fell by 6.8 per cent to A\$128m (US\$91.4m) in the first half to the end of June, on turnover up 9.2 per cent to A\$2.5bn.

However, CRA said net profit would have increased by 16.2 per cent but for a A\$32m charge against earnings required to correct a reduction in the surplus on the staff superannuation fund.

The group also revealed the Australian Securities Commission has queried the accounting treatment of several asset write-downs included in a A\$384m extraordinary loss in the year to the end of Decem-

ber.
The treatment of the writedowns as extraordinary rather than abnormal items allowed the group to declare a net profit for last year of A\$350m rather than a net loss of A\$34m. The group said it was too soon to say whether the 1991 accounts would have to be restated.

The board declared a fully franked interim dividend of 15 cents a share, against 10 cents the previous year. The shares closed 40 cents lower at

nese companies as part of its Toshiba to form battery link with Asahi

By Steven Butler

TOSHIBA, the Japanese electronics company, and Asahi Chemical Industry, the leading synthetic fibre maker, sterday agreed to establish a joint venture company to develop, manufacture and market rechargeable batteries for portable electronic equipment. The companies are to manufacture lithium ion recharges-ble batteries, which, they claim, are light, small and

Ordinary Business

Extraordinary Business

1) The appointment of a Director.

Extraordinary part of the meeting.

at least five days before the date scheduled

for the Shareholders Meeting.

THE BOARD OF

environmentally friendly. devices is becoming the bottleneck that limits portability or use time for items such as notebook computers or cellular

The cadmium in nickel cad-

CALLING OF A

SHAREHOLDERS MEETING

The shareholders of Credito Italiano are called to attend an

Ordinary and Extraordinary Shareholders Meeting to be held on September 11, 1992 at 3.30 p.m. in the Bank's registered office

in Genoa, Piazza De Ferrari (entrance in Via Dante I). If neces-

sary a second sitting will be held on September 14, 1992 at the same address and at the same time, to discuss the following

Agenda

Authorization to purchase a maximum of No. 248,958 of Credito Italiano S.p.A.'s own ordinary shares, each with a

nominal value of Lit 500 in connection with the merger with the Banca Mediterranea di Credito S.p.A.. The

take-over of said bank by Credito Italiano S.p.A. will be brought before the shareholders for their approval in the

3) Approval of the plan for Credito Italiano S.p.A. to mke over the Banca Mediterranea di Credito S.p.A., on the basis of their respective balance sheets as at December 31, 1991. On this basis the share exchange ratio will be No. !

Amendment of the following articles of the company's Articles of Association: 2, 4, 13, 15, 17, 26, 37, 38 and 39.

All shareholders holding ordinary shares with voting rights may attend the meeting, providing that they are listed in the Shareholders Register, and that they have deposited their shares with any Credito Italiano branch or with Monte Titoli S.p.A.,

ordinary Credito Italiano S.p.A. share for No. 1 ordinary Banca Mediterranea di Credito S.p.A. share,

Power supply for electronic telephones.

mium batteries, commonly used in portable equipment, has posed a severe environmental problem. The companies say lithium ion batteries provide twice the capacity of nickel cadmium batteries.

begin next month, while mass production will start in Octotargeted for 1997. nese market for rechargeable

ber next year with a monthly production volume of 500,000 Sales of Y30bn (\$244m) are The companies said the Japa-

10 per cent this year.



Cheltenham & Gloucester Building Society

£125,000,000

Floating Rate Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 30th November, 1992 has been fixed at 10.6875% per annum. The interest secruing for such three month period will be £274.49 per £10,000 Bearer Note, and £2,744.88 per £100,000 Bearer Note, on 30th November, 1992 against presentation of Coupon No. 15.



Agent Bank

28th August, 1992



Mortgage Funding Corporation No.5 PLC (Incorporated in England and Wales with limited liability under registered number 2079671)

Class A Multi-Class Mortgage Backed Floating

Rate Notes due November, 2035 Class A-1 £110,000,000 Class A-3 £17,500,000

Class A-2 £ 80,000,000 Mezzanine Notes £18,500,000 For the interest period 28th August, 1992 to 30th November, 1992 the Class A-1 Notes will bear interest at 11% per annum. Interest payable on 30th November, 1992 will amount to £2,401.37 per £85,000.00 Note. The Class A-2 Notes will bear interest at 11.175% per annum. Interest payable on 30th November, 1992 will amount to £2,870.08 per £100,000 Note. The Class A-3 Notes will bear interest at 11.135% per annum. Interest payable on 30th November, 1992 will amount to £2,870.08 per £100,000 Note. The Class A-3 Notes will bear interest at 11.325% per annum. Interest payable on 30th November, 1992 will amount to £2,908.61 per £100,000 Note. The Mezzanine Notes will bear interest at 11.725% per annum. Interest payable on 30th November, 1992 will amount to £3,011.34 per £100,000 Nore.

Bankers Trust Company, London

NOTICE OF REDEMPTION Flora 5 Limited ¥10,000,000,000

7.25 per cent. Secured Bull Notes Due 1992 (the Notes) Notice is hereby given that, in accordance with Condition 6(a) of the Terms and Conditions of the Notes, Flora 5 Limited will on 17th November, 1992 redeem all outstanding Notes at a Redemption Amount of \$108,390,000 per \$100,000,000 Note.

Payment of interest will be made in accordance with the Terms and Contitions of the Notes. and Principal Paying Agent
and Principal Paying Agent
The Long-Term Credit Bank
of Japan, Limited
Tokyo

FRANCE - CAECL S.A.

U.S.\$2,000,000,000 SERIES NO.12 FFC725,000,000 Inverse floating rate notes 1996

Notice is hereby given that for the interest period I September, 1992 to I December, 1992 the notes

Trust Company



INVITATION TO TENDER FOR THE HIGHEST BID

GREEK EXPORTS S.A., with registered office in Adness (17 Pimopistimion cla 46s of Lew 1892/1990, as supplemented by article 14 of Lew 2000/1991, on Street) and in its conneily as Konidator in accordance with end-

a public tender for the highest bid with sealed, binding offers for the sale in toto of the assets of the Company entitled HELLENIC MAR-BLES S.A. based in Aghice Strimes, Attics, and is coppaged in the quarring, processing and sale of marble and its by-products. The company installations are on a self-owned plot of land 48,387 m² in area.

TERMS OF THE TENDER

To this end, interested parties are invited to receive the Offering Managementum from the Equidator and to sobusit a sealed, binding offer to the notary public appointed to the inside, Mrs. Andrical-Dimitra Zapheiropositos-Bonomopoulou at 61 Station Street, 3rd floor, Office No. 4, tel. (01) 32 19 801, 32 14 225 and 72 11 896 up to 29th September 1992. The offer must be submitted in person or by the bidder's legal

2. The bids will be ensealed before the above-mentioned notary on 30th September 1992 at 1000 hours in the presence of the liquidator. All those who have submitted bids within the prescribed time limit are also existed to be present. Bids submitted beyond the prescribed time limit will not be accepted and will set be taken into account.

3. The smaled, binding office most clearly indicate the officerd price for the purchase of the Company's assets in toto and must be accompanied by a latter of guarantee from a bank legally operating in Oresca, to the account of one hundred million drackmass (100,000,000 dm.) or the equivalent in US dollars (USS).

In the event that the bidder to whom the seasts of the company have been adjudicated does not appear and sign the relictive contract within thirty (30) days from being invited to do so by the liquidator, and field to maintain the obligations accreting from this announcement, then the above amount of one hundred milition drackenes (100,000,000 das.) is farished in favour of the liquidating company, GREEK EXPORTS S.A. in order to cover all expenses of any kind, time spent and any actual or hypothetical laws, without any obligation to give an accounting of these, or consider that the amount was farfeited as a penal clause and collect it from the guarantee bank. Guarantees deposited for participation in the tender are returned to the other participants, after the liquidator's evaluation report has been approved and after restification of

4. The highest bidder in the one whose offer was judged by the liquidator and approved by 51% of the condition as being in the best in

5. The liquidates is in no way liable and has no obligation towards participants in the tender, either with respect to his evaluation report on the offers, which he will submit to the creditors, or with regard to his assessment of the highest bidder. Also, he is in no way liable or under obligation to participants in the tender if it should be cancelled or rescated in the event that the result is considered uninvocable by the cred-

6. Those taking part in the tender and asimiliting offers do not sequire any right or claim, deriving from the present invitation against the IIq-

8. In view of the fact that the relative decision by the Court of Appeals provides for liquidation of the company while "in operation", it is bereby made known that the seasts of the company will be transferred to the highest bidder as they stand and as they appear on the company's books on the date of signature of sale contract. We remind that in accordance with the provisions of paragraph 4 of article 46a of Law 1892/1990, as supplemented by article 14 of Law 2000/1991, interested parties can have access to any information they require about the

For any information, interested parties can apply to:
The Hond Office of ETMA S.A., Directorate of Participations, 87 Syngrou Avenue (2nd floor) Tal. 30 1 92 94 395 and 30 1 92 94 396 and to
b) GREEK EXPORTS S.A. 17 Penegistimion Street (1st floor) Tal. 30 1 32 43 111 to 30 1 32 43 115.

Angloved Limited



Middle Wilwaierstand (Western Areas) Limited

Lordine Gold Mines, Limited

Sun Prospecting and Mining Company (Pty) Limited ("Sun") and Target Exploration Company Limited ("Target")

The attention of shareholders of the above companies (which are all incorporated in the Republic of South Africa) is directed to a circular containing the drilling results of Sun and Target, published In Johannesburg on 3 September 1992.

Copies of this circular, which are being despatched to shareholders of the respective companies, are also available from the London secretaries of the above companies at:

Anglovaal Trustees Limited 33 Davies Street London W1Y 1FN

Johannesburg

2 September 1992

If you work in the business centres of Vienne, Graz and Linz we'll deliver your delly copy of the FT to your office from Monday to Friday and to your home in these cities on Saturday at no extra cost. For details call Gerd Rister in Vicana 595 31 84 (Fax: 505 31 76) FINANCIAL TIMES

AUSTRIA

GET YOUR FT BY HAND

DELIVERY IN VIENNA,

GRAZ AND LINZ.

CREDIT LOCAL DE

Euro-Medium Term Notes TRANCHE NO.1

will bear interest at 0.1875% Interest payable on I December, 1992 will amount to FF236.98 per FF500,000

Agent: Morgan Guaranty **JPMorgan**

ELECTRICITE DE FRANCE (E.D.F.) USD 400.000.000,floating rate notes due

The applicable interest rate for the period beginning on 28.08.92 and ending on 26.02.93 as fixed by the reference agent is 5.25 per cent per annum namely USD 265.42 by the denomination of USD 10.000

February 1999

Sterling's stability boosts UK bond prices

opening of 87.96.

By Sara Webb in London and Patrick Harverson In New York

UK government bond prices gained up to a point yesterday helped by the relative stability of sterling in the foreign

exchange markets. In the cash market, the 9% per cent gilt due 2002 rose from 100g at the opening to 1014 to yield 9.51 per cent.

Dealers said volumes in the futures market were back to normal levels after the Bank Holiday weekend, with around 25,000 contracts traded. The Liffe gilt futures contract opened at 94.27 and climbed to 95 17 by late afternoon.

'The pound's steadiness against the D-Mark has helped the market," said one dealer, The pound ended at DM2.7875. up half a plennig on the day.

RUMOURS that the French referendum on the Maastricht treaty might be postponed helped to boost the French government bond market.

The rumours followed a newspaper report that the constitutional court might rule that Parliament's revision to the constitution in June, as part of the Maastricht ratification process, was illegal.

However, by late afternoon it emerged that France's constitutional council had rejected

CONTINUED unease over the

prospects for European bond

markets ahead of the French

referendum on Maastricht

later this month again shifted

attention towards the dollar

Although two polls published

yesterday showed a narrow

majority of French voters in favour of ratifying the treaty,

expectations of volatility in

most European markets ahead

of the vote are expected to

deter banks from underwriting

new issues in European cur-

rencies (except D-Marks) before

Three deals in US, Canadian

and Australian dollars dominated market activity

yesterday, as investors trickled back to the market

the referendum.

By Tracy Corrigan

opponents of the Maastricht treaty, clearing the way for the planned September 20 referen-

French government bonds had rallied earlier in the day

GOVERNMENT BONDS

on the grounds that a postponement of the referendum would allow more time for the government to whip up support for ratification of the

Two polls released yesterday showed a slight increase in support for the treaty with yes votes slightly outnumbering no votes. An IPSOS poll showed 53 per cent in favour of Maastricht, the clearest swing in favour of European union in recent opinion polls, while a BVA survey showed 51 per cent inclined to vote yes at the referendum.

The yield on the 81/2 per cent bond due 2002 opened at 9.20 per cent and fell to 9.12 per cent by late afternoon. Elsewhere in Europe, the

German government bond mar-ket ended slightly weaker or unchanged. Traders noted quite heavy

selling of bunds but said the market held up well, with shorter-dated issues boosted by comments from Mr Reimut

after the summer lull.

BONDS

Toyota Credit Canada's

C\$150m five-and-a-half year

deal via Merrill Lynch Interna-

tional was well received by

INTERNATIONAL

investors keen for a change of

maturity after the recent

spate of 10-year paper, despite

the yield pick-up available

at the longer end of the

Ten-year deals for Japan

Highway and Japan's Export-

Import Bank of Japan have

both widened slightly to a

yield spread of 40 basis points

over the comparable Canadian government bond yield.

yield 48 basis points above the

The Toyota deal, priced to

Council member, who said the German economy was showing signs of diminished economic activity.

The Liffe bund futures contract reached a high of 88.00 but ended at 87.97, against its

■ US TREASURY prices firmed slightly in thin trading yesterday as many investors and dealers chose to stay on the sidelines while awaiting tomorrow's important jobs

In late trading the benchmark 30-year government issue was up 1 at 981, yielding 7.361 per cent. The two-year note was also slightly firmer, up & at 100%, to yield 4.085 per cent.

The day's main economic news was a 1.1 per cent decline in July factory orders. The market did not react to the numbers, which were heavily distorted by a fall in transportation orders. Excluding transportation, factory orders actually rose by 0.9 per cent in

Attention remained focused on the August employment report, which will be released tomorrow. The consensus among analysts is that the figures will show that the labour market remains in a poor state, and there was some renewed speculation yesterday that the Fed could cut interest rates again if the jobs numbers are

Dollar bloc finds favour amid French poll unease

comparable government bond

yield, tightened by a basis

point or two by the end of the

In the floating-rate note sec-

tor, Norway's Eksportfinans

launched a \$100m issue of 10-

year FRNs with a minimum

coupon of 5% per cent and a

maximum coupon of 10 per

recent deluge of

106

100

The

US DOLLARIA A/S Elaportin

D-MARKS

CANADIAN DOLLARS

Bayerische LFA(a)†

Toyota Gredit Canada(a)

AUSTRALIAN DOLLARS State Bank of Sth Aust(a)1

†Final terms. ‡Floating rate note. 10%. Non-callable.

BENCHMARK GOVERNMENT BONDS Coupon Date Price Change Yield Brown ago 10 000 10/02 167 1866 -0 173 8.90 8.83 8.31 AUSTRALIA BELGIUM 8.750 06/02 97 8500 +0.300 9 (9 CANADA . 8.500 04/02 108 9800 - 0.500 7 19 7,13 7 46 283 9.75 9.52 9 000 11/00 95.4000 - 0.050 FRANCE BTAN 8.500 C3/97 96.0268 + 0.282 NW 9.70 8.500 11/02 95.9600 + 0.340 9.11 N.13 8.000 07/02 100.6750 -0.020 7.90 7.89 8 10 ITALY 12.000 05/02 91 7000 14 021 13 77 13,72 JAPAN 4 800 08/99 99.4644 -0 101 6.400 03/90 108 4144 - 0.202 4.26 NETHERLANDS 8.250 08/02 99.4350 -0.060 833 #31 841

ECU (French Govl) 8.500 03/02 92.3900 + 0.320 III.78 9.67 9.56

- 17'32 -31/32 - 29/32

- 6/32 - 2/32

10.300 06/02 96.4060 -0.800

10.000 11/96 9.750 08/02 9.000 10/08

6 375 08/02 98-29 7.250 08/22 98-17

dents.) Prices: US, LIK in 32nds, others in decimal

US TREASURY

very bad - even with a weak

■ JAPANESE government bonds ended the day mixed with long-dated issues closing firmer while medium-dated

bonds slipped. The rise in rates on threemonth certificates of deposit from 3.82 per cent to as high as 3.91 per cent - in the Tokyo trading session pulled bond prices down, dealers said. However, traders reported good demand for 10-year bonds later in the day, and the new benchmark - the No 145 - closed

so-called "collared" paper

appears to have subsided, how-

ever. The deal was arranged by

In the Australian dollar mar-

ket the State Bank of Austra-

lia launched an A\$125m 10-year

A spate of new issues last

month was followed by a two-

week lull, broken by yester-

day's offering. The break had

NEW INTERNATIONAL BOND ISSUES

100

101,209

101

101.40

2002

1995

Non-callable, b) Coupon pays 15% below 6-month Libor, Minimum 515%, maximum

Credit Suisse First Boston.

deal via Hambros Bank.

912

8.75

higher, with the yield moving from 5.04 per cent at the opening to 4.975 per cent at the end of trading.

Technical DataiATLAS Price Sources

1279 1270 1215

6.52 HAI 6.62 7.37 7.28 7.42

9.58 9.26 9.00

The constituents of the Government Secs. Index quoted in the Financial Times changed

with effect from September 1. Now included are the Treasury 9% per cent due 2002, the Treasury 9 per cent due 2008, and the Treasury 8% per cent due 1997. No longer included are: Exchequer 131/2 per cent due 1992, Treasury 10 per cent due 1993, and Funding 6 per cent

allowed excess paper to be mopped up, and, with reinvest-

ment flows from maturing

bonds at high levels, the State

reinvestment by German inves-

tors, unwilling to take cur-

smoothly.

rency losses.

50/25bp Credit Suisse

1월/1월 Merrill Lynch Ind.

21s/11s Hambros Bank

142/1 BHF Bank

companies. Moody's estimates that mutual funds hold around 30-40 per cent of current outstandings while insurance companies have a 25-30 per cent share of the market.

Bank issue was placed Other investors include companies, central banks and Dealers said the weakness of domestic banks. Corporates the Australian dollar against are estimated to account the D-Mark was encouraging for a 20-25 per cent share, which has fallen since the early stages of the market, and is likely to decrease further. There are still relatively few

> non-bank issuers direct access to the market rather than using a German subsidiary.

General Electric **D-Mark CP** sector ranks fourth to enter credit card market in Europe

By Alan Friedman

highly competitive US credit

GE Capital, the group's

financial subsidiary, said it was launching a credit

card, linked to the MasterCard

system, that would also

offer discounts to consumers

through a partnership with

a broad range of leading

US retailers, hotels and air-

While the card will have

all the features of MasterCard,

including acceptance at 10m

locations around the world, GE

Capital said its distinction lay

in offering annual savings of

The GE Rewards Master-

Card, as it is being called,

offers \$10 of vouchers for every

in New York

card market.

up to \$1,000.

\$500 of purchases.

By Tracy Corrigan

THE D-MARK commercial paper market has overtaken the sterling CP market to become the fourth largest such market in Europe, after France, Sweden and Spain, according to a report pubthe international rating agency. It has achieved this only a year and a half after its

However, the report warns that the delay in removing restrictions on German money-market funds is restricting the growth rate of the DM17bn market, by limiting the potential investor base. The level of issuance tailed off in the sec-

ond quarter of the year. "In other countries, CP markets have been driven by the existence of pure money market funds, which are not yet authorised in Germany," said Mr Michael Buneman, one of the authors of the Moody's

In the meantime, the bulk of D-Mark commercial paper has been placed with domestic or Luxembourg-based mutual funds (which are allowed to hold a proportion, but not all, of their assets in short-term paper) and domestic insurance

foreign investors apart from central banks.

However, the liberalisation of Bundesbank rules on D-Mark issuance, which came into effect on August 1, is expected to boost the proportion of foreign Issuers. The new rules allow foreign

In addition, participating retailers will offer savings certificates good for a \$10 discount every three

months. Cardholders are also to be offered rebates if they use the GE card to sign up for services, such as the Sprint long-distance telephone net-

work or cable television ser-

vices such as HBO and Cine-

Discounts will also be avail-GENERAL ELECTRIC, the US able if the card is used to buy conglomerate, yesterday unveiled plans to enter the

GE appliances. GE, whose activities cover the manufacturing, financial services, media and technology sectors, may have picked an awkward moment to launch its new card, which will carry an annual \$25 fee. Consumer spending has been depressed for many months and credit card delinquencies have been running at high

Mr Gary Wendt, chairman of GE Capital, said the card was designed to address the US consumer's shift "from conspicuous consumption to pru-

dent purchasing". Mr David Nissen, chairman of GE Capital's consumer financial services division, added that "this is a huge market and we believe our card is unique as a value-backed prod-

GE Capital's activities in the credit card market to date involve the company's handling of marketing, issuing on behalf of third parties, collections and customer services. The company says it services 65m cardholder accounts in the US, Canada and Britain. See Technology

London Stock Exchange delays launch of system

By Tracy Corrigan

to the exchange.

THE London Stock Exchange has postponed the launch of its London Market Datafeed (LMD) service, a live price and data feed designed to replace its Computer Readable Ser-

vices (CRS). After tests, both in-house and among market practitioners, the Stock Exchange decided to review the design and development of LMD. The system, expected to be launched this summer, will not now be available "for some considerable time," according

The exchange has become increasingly sensitive to poten-tial systems failures since a software problem shut down its Topic news and information service for almost a whole trading session in June. Many institutional investors ceased to deal because of the absence of roliable share price informa-

One of the marketmakers involved in testing the LMD system said his firm will be able to manage with the existing CRS feed, until the new system is launched. "We can slot in the new feed easily, when it is available," he said.

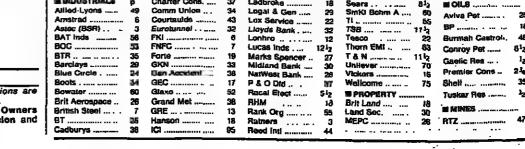
MARKET STATISTICS

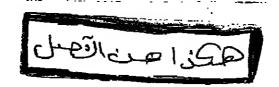
RISES AND FALLS YESTERDAY

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RANK XEROX

1987. The Proposition. 1992. The Exposition.



There are some accomplishments in a company's life that stand out more than others. At Rank Xerox, our involvement with the creation of Expo '92 is surely one of them.

The dream of Expo '92 was inspiring: to celebrate 500 years of human discovery and innovation by bringing over 100 countries together. But the dream was also daunting: it meant creating from scratch a multi-lingual organisation of thousands of people.

Their job was to orchestrate the "business" of the second largest construction site on European soil; to plan and negotiate 55,000 events and performances; to anticipate the needs of an estimated 18,000,000 visitors to Sevilla. And all with an unmovable deadline.

To get the job done meant getting diverse people to work together and share ideas in the most productive ways possible. And to the people who had to put together Expo '92, that meant Rank Xerox.

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support for upwards of a thousand copiers, faxes, printers, scanners, workstations and publishing systems. We also designed the largest local area network in Europe (18 kilometres long, actually), to link people and pavilions.

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Rank Xerox
The Document Company

CRH up but warns on second half

By Andrew Taylor,

CRH, the international building materials group and one of Ireland's biggest companies, yesterday provided a small ray of light in what is expected to be a gloomy reporting season for the construction

The announcement that pretax profits for the six months to June 30 had risen by 7 per cent from IC21.1m to IC22.6m (£21.4m) sent the group's share price up to 200p at one stage before falling back to close 1p

up at 197p. Mr Tony Barry, chief executive, said that market condi-tions in Ireland, the UK and parts of continental Europe, remained very difficult.

As a result group profits in the second half were likely to be lower than in the corresponding period last year. The UK in particular was "a

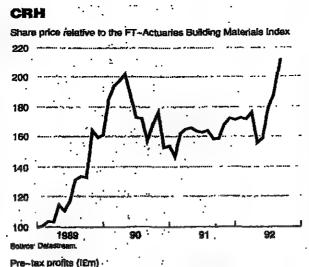
disaster area" with sales fall-ing faster than costs could be reduced. A further 600 jobs had been cut - a workforce of just over 3,000 has been reduced by 1,200 during the past 18 months. A further small number of redundancies were likely to be made in the second half, said Mr Barry.

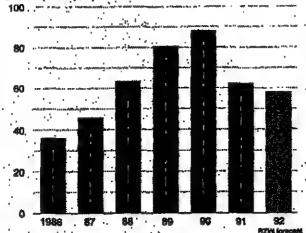
Turnover fell by 3 per cent to LE554m (LE571m). Earnings per share were 7 per cent ahead at 6.17p (5.78p)

and the interim dividend is increased from 2.15p to 2.25p. The company is likely to be one of the few UK-quoted building materials groups which will be able to announce

increases in both interim prof-

its and dividends. The first half benefited from a lower finance charge, down





contributed 12553,000 compared with a loss of IE1.33m last time. This more than compensated for the reduction in trading profits to IE32m (IE34.3m).

where cost reduction and higher sales helped push prof-

Mr Barry said that a fragile recovery in US construction

Building material volumes held up in Ireland despite lower construction activity. This was due to harder times for agriculture as a result of changing EC policies on farm

Agriculture accounts for just under a third of all construction investment in the country. Sales in Spain had fallen by about 5 per cent as government expenditure had come under pressure and construction programmes for the Barcelona Olympics and the Seville Trade Fair had finished.

Markets in Germany, however, remained strong. Sales also held up well in the Netherin commercial building

5 COMMENT

CRH's share price, deservedly, has outperformed most UK rivals in a deeply depressed building materials sector. The company's strengths are its wide spread of European and US businesses combined with a healthy balance sheet. Strong cash flow has enabled it to cut debt, which, including convertible capital bonds, fell to 42 per cent of shareholders' funds in the first half compared with 60 per cent a year ago. The company bas not been slow to take the axe to costs in the UK and US which should help as US construction output improves. Recovery in the UK looks a long way off; the Netherlands and Germany should remain relatively firm markets but Spain and Ireland appear weak. Pre-tax profits of I£58m for the year, compared with 1562.6m, put the company on a prospective p/e, fully diluted, of about 11, which would look cheap if sentiment were not flowing so much against the

Lower first half profits from appeared to have begun led by almost 16 per cent from Ireland, UK and continental increased expenditure on infra-I£11.8m to I£9.98m. Associate Europe were offset partially by companies, mostly in the US, an improvement in the US structure by some states notably in the north-east

By John Thornhill

HARVEY NICHOLS, the Knightsbridge store now owned by Mr Dickson Poon, the Hong Kong entrepreneur, lost 23.5m in the final 13 months of Burton Group's ownership after taking a big stock write-down. The escalation of losses from the previ-

ous £1.6m resulted largely from a £2.8m write-down on stock as the new owners adopted a more conservative accounting 1991 also serves as completion accounts for

Write-down adds to Harvey Nichols' losses

the £60m acquisition. Mr Simon Gardner, Harvey Nichols' company secretary, said that historically Burton had aggregated the value of stock held - lower of cost or net realisable value - but Dickson Concepts had decided to produce a more detailed breakdown of individual stock items, leading to a heav-

In the first six months under new own-

The report for the period to October 3 ership, Harvey Nichols nudged into the 991 also serves as completion accounts for the 280m acquisition. ership, Harvey Nichols nudged into the black, although this did reflect the half of the year which included Christmas.

Dickson Concepts is locked in dispute with Burton regarding Harvey Nichols' depreciation policy and a prior year adjustment contained in the company's completion balance sheet.

The dispute has been referred to arbitra-

tors and a decision is expected this month, although the amount claimed is less than 2 per cent of the purchase price.

Johnston Press buys Sussex publisher

By Paul Taylor

JOHNSTON PRESS. the Edinburgh-based publishing group, plans to add to its sta-ble of newspaper titles south of the border with the acquisi-tion of TR Beckett, the Sussexhased newspaper group which publishes seven paid-for local weekly newspapers and three free distribution titles.

Johnston, which also announced a 25 per cent increase in interim pre-tax profits to £4.85m (£3.88m), has agreed to acquire a 91.85 per cent stake in Beckett for £11.95m in cash, shares and loan notes. The remaining Beckett shareholders will be offered the same deal, valuing the company at about £13m.

Beckett shareholders include Emap, the UK media group with a 37.1 per cent stake, and the Hale family with a 15.5 per cent stake. They will receive 1.08m Johnston shares, £7.75m in cash from the proceeds of a share placement, and £1.34m in loan notes. In addition, a special dividend of £2.25m net will be paid by Beckett to its shareholders on October 1.

Johnston plans to raise the £7.75m cash through a placement of 2.5m shares at 310g each. The shares will be offered on the basis of one for every 10.7932 ordinary held. The shares closed up 5p at

333p yesterday. Beckett's main newspaper titles include the Eastbourne Herald and Worthing Herald. Its 1991 pre-tex profits were £1.02m (£1.16m) on turnover of £9.06m (£9.51m).

The newspaper group has seen both its turnover and profit decline in recent years, a drop blamed on the recession and consequent decline in newspaper advertising reve-

Mr Marco Chiappelli, Johnston's finance director, said that the acquisition fitted the company's strategy of steadily building up its newspaper and media interests. The group already owns 61 titles includ-ing the West Sussex County Times which was acquired shortly before the company's stock market flotation in April

Johnston's pre-tax profits increase for the six months to end-June was achieved on turnover up 7.7 per cent to £33,7m (£31,3m).

The company's cash position continued to improve and at the end of June it had net cash of £3.76m after taking account of all borrowings. As a result the company lifted the interim dividend from 2p to 2.25p. Earnings per share were 11.6p

Mr Fred Johnston, chair-man, said the company's per-formance had been achieved "through a vigorous programme of cost cutting and operational improvements."

@ COMMENT

The price paid for Beckett may look a little high but Johnston has a good track record of making newspaper acquisitions and squeezing more profits out of them. Underpinning the interim profit increase was a 31 per cent profit rise from its English titles, albeit from a denressed base. Beckett's recent results have been disappointing, but Johnston is expected to cut costs and improve margins quickly. In the longer term it may be able to combine the production facilities for the East and West Sussex titles, generating significant savings. Full-year pretax profits are forecast at about £9m for a prospective p/ e of about 15. The shares are good value if Johnston can maintain its acquisition

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Hartwell increases offer for Trimoco

By Jane Fuller

HARTWELL, the motor group owned by the Jameel family of Saudi Arabia, has increased its cash offer for Trimoco by just over 14 per cent to £29.6m. It also bought 3.8m shares esterday afternoon, taking its stake to about 42 per cent. At the first closing date on Tues-

day for the original £25.9m

offer, acceptances amounted to only 0.5 per cent. Hartwell has ceased to say that its bid is only a technical one, triggered when it converted loan stock and took its ordinary holding to 39.4 per cent. The original mandatory offer of 17%p a share matched the target's market price. The

increased offer is 20p. Mr John Wel, chairman and chief executive of Hartwell, said yesterday: "This is our reaction to the hostile defence document put out by Trimoco." The document said that Mr Wei and another Hartwell executive had been invited on to Trimoco's board early this year on the basis that the Jamee Group would reduce its stake in the company, which then

stood at 23.5 per cent. Mr Wei said "because of the acrimony in the response, there is uncertainty among the staff, the customers must be worried and the manufacturers

Hartwell claimed that the new offer was 29.9 times Tri-

moco's earnings for the 12 months to September 30. It added 0.14p for the second half of Trimoco's last financial year to 0.53p for the first half of this year, derived from the target's recent £1.2m profit forecast Trimoco has said that last year's performance was depressed by restructuring

Trimoco yesterday noted the increased offers. In its earlier defence docu-ment it pointed to its net asset

value of 22p a share and a pension fund surplus worth 6p a Mr Wei questioned whether site valuations took account of the falling property market, and added that "it is dangerous

to mix company business with the pension fund". If the bid succeeds, the combined group would have 12 Ford dealerships, four more than the maximum allowed by the manufacturer. Mr Wei said discussions would have to con-tinue with Ford, some of whose rules have been called into

report on new car sales in the Hartwell's offers, which are final unless another party steps in, include a raised bid for the outstanding loan stock of £200 per £100 nominal, up

question following a Monopo-

lies and Mergers Commission

from £175 Trimoco's share price gained lp to close at 20 kp.

Unipart in manufacturing venture after 42% rise

By Kevin Done,

UNIPART, the manufacturer

and distributor of motor vehicle components and accessories, increased pre-tax profit by 42 per cent from £6.7m to £9.5m in the first half of 1992. The company is expanding

its UK manufacturing operations through a joint venture with Beans Industries, a former Rover Group engineering subsidiery, in which it will

hold an 80 per cent stake. Advanced Engineering Systems will supply machined components such as flywheels axle housings and shafts to Toyota and Honda, the Japa-nese car makers. The venture will create about 100 jobs in Mr John Nelli, chief executive, said the group owed much

of its "growing strength" to its decision to invest in manufacturing in the UK. Moves by Japanese vehicle makers to establish a growing

manufacturing presence meant

over working practices."

recognition for its 4,000 workers in April. It said that quality circles, in which employees developed their own initiatives saved the company more than £2m in the last 12 months.

that "Britain was now one of the most attractive places in

otor Industry Correspo

Europe for component makers to set up operations."

Despite "very difficult and deeply depressed trading in the motor industry" Unipart increased turnover in the six months to £335m (£292m).

Profit before interest rose to £9.1m (£7.2m). The company said important improvements had been made in quality and productivity "as a result of the new style of working, where trade unions no longer have any influence

Unipart ended trade union

The company, formerly part of British Levland, is 42 per cent owned by management and employees, 38 per cent by institutional investors and 20 per cent by Rover.

ML Holdings appoints new chief executive

By Daniel Green

ML Holdings, the aerospace, defence and electronic components group, appointed Mr Howard Grant as chief executive yesterday, more than two months after the departure of Mr Peter Pollock, his predecessor, on the day before the company announced a pre-tax loss of £2.24m.

Mr Grant, 51, is currently chief executive of the rail division of BTR, the engineering conglomerate.

From 1976 to 1986 he was group managing director of Westinghouse Brake and Sig-nal (Australia), controlled by Hawker Siddeley since 1979. BTR bought Hawker last

Mr Grant accepted the posiat ML in June, but the announcement was delayed until the closure of a contract he was negotiating for BTR.

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Dividends shown pence per share net except where otherwise stated fOn increased capital. §USM stock, first pence. First quarter.

BOARD MEETINGS

The reshuffle came about as the company fell into loss last year, although Mr Pollock's departure was over "management style [rather] than bottom line performance", Mr Sal-litt said at the time. Mr Sallitt became chairman

turn the company round by strengthening its non-military ML Holdings' shares fell 2%p

in March with the remit to

Templeton Galbraith

surges to \$45m By Norma Cohen

Templeton Galbraith & Hansberger, the Bermuda-based fund manager which agreed recently to merge with California's Franklin Resources, saw pre-tax profits surge from \$33.6m to \$45.2m (£22.7m) in the half-year to June 30.

The rise reflected increased funds under management. aided by sharply lower US interest rates which encouraged American investors to switch out of low-yielding cash funds into equity-based mutual fund products.

Acquisitions behind Senior's rise to £10m

By Roland Rudd

ACQUISITIONS formed the basis for progress at Senior Engineering Group in the half year to June 30.

Pre-tax profits rose 14 per cent, from £8.77m to £10m, on sales of £158m (£142m). Mr Donald McFarlane, chairman, said: "We have remained resilient within a recession engulfing the engineering industry because we have a group of businesses spread

over different countries which can weather different economic cycles." About 40 per cent of pre-tax rofits are earned overseas. Flexonics, a US flexible hose and expansion-joint company acquired earlier this year and Nordklima, a German air han-dling manufacturer bought last year, were mainly respon-

sible for the profit increase. Existing businesses reported small rises.

Mr McFarlane sald construction services companies, which supply ducting and ventilation systems to large projects,

would produce good profits for the year, although slightly down from its record increase in 1991. The engineering products

division, which makes rigid and flexible tubes, was hit by reduced demand. Sales in some areas declined by between 15 and 18 per cent. The group has acquired the trade and assets of Le Bas Tube, a steel-tube stockholder, for £350,000. Control engineering, estab

lished last year to refocus the former mining equipment companies, continued to suffer from the contraction of the UK coal industry.

Thermal engineering compasies produced better results in the US, offsetting reduced contributions from the UK power industry. Mr McFarlane said: "We will

continue to expand through selective acquisitions. Each one is planned with the precision of a rifle shot." Borrowings stand at £8m. representing gearing of 8 pe

Rarnings per share, adjusted for the effects of the rights issue in February, were 3.07p

The interim dividend is held

GA strengthens capital base by £140m pref issue By Richard Lapper

General Accident, the Perth-based composite insurer yesterday raised £140m via a placing of a cumulative irredeemable preference share issue. This will strengthen the company's capital base and boost its solvency margin by four points.

This marked the largest sterling denominated issue for a UK company, according to lead managers, Hoare Govett. GA announced last month that it was seeking permission to raise a total of £300m in preference shares, when announcing a sharp improvement in pre-tax profit for the first half of 1992.

The issue was priced at 2.5 percentage points over the UK government gilt-edged stock, 9 per cent Treasury 2008.

The net dividend was fixed at 8% per cent, representing an issue yield of 11.734 per cent. Co-lead managers were Salomon Brothers International and Henry Schroder

Wagg. Mr David Barker, a director of Hoare Govett Corporate Finance, said the issue was "satisfactory despite the cur-rent volatility of the markets." Mr Barry Holder, general manager finance, said the issue "allows us to write more

business at a time when the market is becoming more profitable ". Commercial Union raised

£100m via a preference issue in May.

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Own-label boost for Invergordon | Crown in regulatory

By Philip Rawstorne

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GROWING DEMAND for supermarkets' own-Isbel Scotch whisky helped invergor-don Distillers Group lift interim pre-tax profits from £13.1m to £14.6m.

Volume sales to retailers such as Tesco and Safeway rose 12 per cent as the whisky market polarised between premium brands and value-formoney products.

Mid-priced standard brands were squeezed as sales of Scotch-through pubs and clubs continued to decline, said Mr Chris Greig, managing direc-

Operating profit for the six months to June 30 increased from £15.5m to £16.1m on turnover marginally ahead at £40.1m (£39.6m).

Volume sales of whisky rose 9 per cent. In the UK, volumes increased 6 per cent against a similar market decline. Exports rose 14 per cent compared with the industry's over-

all gain of 6 per cent. Mr Greig dismissed fears of industry over-production. Total output during the first half of



Chris Greig: dismissed fears of industry over-production

lower than in the correspond-ing period in 1990, and 7.3 per-cent below last year's compara-

Output from the grain distillery had been maintained at last year's level but its four malt distilleries were operating at just under 60 per cent of

capacity compared with 65 per

cent last year. "This year the industry is producing substantially less than it is selling," Mr Greig said. "There is no doubt that any surplus stock will be

quickly used." White spirit products -boosted by the new joint venture distillery at Greenwich rose 68 per cent. Invergordon which supplies gin and vodka manufacturers, intends to introduce its own branded gin next year.

Earnings per share rose from 6.8p to 7.7p. The interim divi-dend is lifted to 2.8p (2.5p). Invergordon, which last year fought off a £350m bid from Whyte & Mackay, refused to comment on the prospect of

the bidder, which retains a 41

per cent stake, returning in two months' time. Mr Greig said: "The best way to see off any predator is to perform." Apart from its trading results, he pointed out, it had cut net borrowings from £36.4m to £25.7m and reduced gearing from 85 per cent to 49 per cent in the past 12 months.

See Let

government and companies to

contract out non-core services

lay behind a 37 per cent

increase in pre-tax profits at Serco Group in the six months

The company, which holds

contracts as varied as the

maintenance of Hyde Park, Ministry of Defence radars and

one in three London traffic

The results were boosted by

two months' contribution from

talks on French sale

MR CHRISTOPHER Chataway, chairman of Crown Communications, the USM-quoted commercial radio group, is today expected to have crucial talks with the CSA, the French radio authority, over the sale of its loss-making French radio com-

pany. Last week Mr David Haynes, chief executive, announced that the company was close to selling the RFM network subject to CSA approval.

Crown has disclosed neither the potential buyer nor the purchase price, but it is believed that NRJ, an independent French commercial network, is bidding less than 25m for the 114-station network. RFM's main asset is a radio

masthead, valued at £12m in the September 1991 accounts. Price Waterhouse, the auditor. qualified the accounts because

it could not say whether the value was fairly stated. CSA will approve an early sale

Contracting-out trend helps

posal was rejected. New legislation on French

radio ownership is also planned and it is not clear whether the CSA would do anything that could lead to an increased concentration of ownership before the new legislation has been passed, probably next year.

To add to the complexity, renewal of RFM's Paris licence, which accounts for 75 per cent of group revenue, is up for ratification in the next seven

Renewal was agreed in principle several months ago.
A sale of RFM and a reduction of Crown's losses is seen us vital for the financial health of the company.

For the year to September 1991, RFM accounted for nearly half Crown's pre-tax loss of £6.79m.

Last week Mr Haynes said that LBC, Crown's London commercial radio station, would soon move into a small

Psion shares tumble as advance to £1m fails to impress City

By Alan Cane -

ENCOURAGING sales of its new series 3 electronic organ-iser helped Psion lift profits from £270,000 to £1.05m pre-tax for the half year ended June 30. However, the market had been hoping for \$1.2m and expressed its disappointment

with the USM-quoted portable computer manufacturer by knocking its share price down The City was also disappointed with a 48 per cent improvement in first half sales to £16.5m - £18m had been

Earnings per share rose to

dividend is held at 1p. Mr David Potter, chairman, blamed the lower-than-expec-

ted profits on the recession which is still depressing UK

sales - especially among corporata customers. As a consequence, the HC range of portable data capture devices failed to live up to best expectations. Pre-tax profits were only 6.5 per cent of sales while 10 per cent had been anticipated.

However, Mr Potter announced two potentially significant deals:

The group is to supply Motorole of the US, the world leader in radio telephone systems, 3.18p (0.08p) and the interim with HC computers fitted with

integral radio modems. The devices will be able to transmit data over public data networks enabling, for example, sales executives to maintain contact with headquarters while trav

ers, with the series 3, modified for use by secondary school Mr Potter thought the contracts would result in sales of only a few thousand machines to begin with, but that the potential for portable data communications devices was

full year sales of £35m with

pre-tax profits of about £2.5m.

It will also supply Acorn, the UK leader in schools comput-

lights, increased profits from £2.48m to £3.39m on turnover up 40 per cent to £65.4m (£46.8m). large. Analysts are predicting

By Apgue Foster

to June 30.

Serco advance 37% to £3.39m International Aeradio Limited, Fully diluted earnings of acquired in April from British THE TREND for both

Telecommunications for Mr Richard White, managing director, said IAL contributed

about £6m to turnover. For the year as a whole the acquisition is expected to be earnings neutral after profits of about £800,000 are

absorbed by interest costs. Excluding IAL, the underlying business expanded at about per cent, the same rate as in previous years. "Our markets continue to be

very strong," Mr White said. The interim dividend is raised to 4.5p (3.9p).

17.1p (14.8p) maintained divi-dend cover at 3.8 times. About 70 per cent of turnover came from the public sector. The company's background

is in defence contracts, which now account for 40 per cent of turnover, against 48 per cent a year ago.

Serco successfully retendered for one large contract during the period, while a further four or five contracts will be re-awarded in the second half.

However, less than 20 per cent of next year's expected revenues are related to contracts up for renewal.

redeemable preference shares

to convert into ordinary

The total dividend for the

Morgan Crucible has com-

pleted five acquisitions costing a total £10.3m. The companies

are expected to achieve a com-

bined annual operating profit

The companies acquired are

the Lodge ceramics division of

Smiths Industries, a majority

interest in Refractories and Mineral Investments BV, the

clean room wipes business and

related assets of Coventry

Manufacturing of Los Angeles,

Epirez of Australia, a manufac-

turer of speciality chemicals,

and the cutting fluid business and related assets of Tapmatic

American Trust net

The net asset value of Ameri-

can Trust stood at 200.5p at

July 31 - a decline of some 5

per cent on the 210.8p of 12

The trust, managed by Edin-burgh Fund Managers, saw

attributable revenue for the six

months to end-July fall to

£1.99m (£2.07m) for earnings of

2.41p (2.51p) per share, a

decline which partly reflected a less favourable dollar/ster-

ling rate. The interim dividend is

Cakebread Robey, the Middle-

sex-based builders merchant,

has announced a drop of 8.8 per cent in turnover to £11.39m

for the first half of 1992, and an

increased pre-tax loss of

£667,000. The loss for the whole of 1991 was £1.65m following a

redundancy costs of £56,000.

Recession caused merchant-

ing sales to fall by a further 7.9

per cent and bad debts at

£178,000 for the half year are

already well above the previ-

ous year's total. Manufacturing

turnover fell by 14 per cent.

The loss was struck after

first half deficit of £191,000.

There is again no dividend.

Cakebread Robey

months earlier.

maintained at 1.5p.

losses deepen

asset value off 5%

Corporation of California.

year to May 2 was 11.34p.

Morgan Crucible

£10m purchases

of more than £2.5m.

ICS beats earnings forecast

INDUSTRIAL Control Services, the electronic safety systems manufacturer which obtained a A 25 per cent fall in pre-tax slightly ahead of its prospectus

Profits for the 12 months to May 31 increased by 29 per cent to £4.6m (£3.6m) pre-tax on turnover ahead 25 per cent at Cot.4m. Earnings per share of 8.1p

(7.3p) compared with the prospectus forecast of 8.9p. Net assets at the year-end stood at £18.4m, and with the £8.6m proceeds from the flotstion, gearing was reduced to 26 per cent. As foreshadowed, a special dividend of 0.3p is

SelecTV rises sharply to £0.42m ...

Profits of SelecTV, the USMtraded independent producer of television programmes, more than doubled to £423,000 pretax over the 12 months to

The figure compared with £203,000 for the previous year and was struck from turnover ahead 58 per cent at £11.5m. Interest income rose to £206,000 (£94,000). Earnings per share emerged at 0.38p (0.27p).
SelecTV is a 15 per cent

shareholder in Meridian, which 3 franchise for south and south-east England. Last November the group

raised 25.6m to part fund its investment in Meridian. This resulted in a rise in shareholders' funds from £1.19m to £6.9m at end-March.

Milder winter helps Grafton advance

Grafton Group, the Dublinbased builders' merchant and DIY concern, lifted pre-tax profits 14 per cent to IS1,85m (£1.75m), in the six months to June 30.

Turnover improved to I£48.7m (I£45.7m) generating trading profits of I£2.55m (192,17m). Interest charges rose. at the year-end.

to 12698,000 (1£553,000). The Interim dividend is stapped up to 2.75p (2.5p), payable from earnings of 8.6p (7.5p) per share.

TF & JH Braime declines 25%

listing in May, yesterday profits, from £283,410 to reported full year earnings £214,090, was announced by forging, pressing and stamping group, for the half year to

performance of Braime Press been "satisfactory."

this time of £17,408 (nil).

environmental side

position in the environmental monitoring market, Bowthorpe has acquired Odessa Engineering of Austin, Texas, for a

maximum \$14m (17m). Consideration consists of an initial \$10m cash. A deferred payment of no more than \$4m is due on March 31 1994, linked to trading performance.

Odessa develops electronic data acquisition and control systems for air quality and

English & Overseas Properties cut its losses from £554,000 to

ing account of property writedowns totalling £659,000. Directors said they hoped to avoid the need for further provisions

TF & JH Braime (Holdings), the finished metal products,

Denumd from UK customers remained at last year's depressed levels, the company said. In such circumstances the ings, the core business, had

However, overseas demand, particularly in the US and France, fell substantially. Turnover dropped to £2.78m

(£3.51m). Investment income added 275,677 (£59.165) but there were interest charges Barnings emerged at 9.65p (12.67p) and the interim dividend is maintained at 2.25p.

Bowthorpe expands

atmospheric emission monitor-

English & O'seas Props cuts deficit

£438,000 pre-tax for the half year ended June 30. Turnover improved from £575,000 to

Profits were struck after tak-

They pointed out, however, that as a consequence of the first-half provision distributable reserves were not sufficient to enable payment of the interim dividend - 0.6p was

paid previously. The company, together with its advisers, was investigating ways to reorganise its capital and reserves to overcome this problem. It hoped to be "able to re-address the payment of a

dividend" at the year-end. The cash position was described as "very strong," with balances of some 25m. Losses per share were cut from 9.46p to 1.88p. Exceptional provisions for the correspond-ing six months accounted for

Cambridge issues profits warning

Cambridge Group, the Dublinbased asset financing and confirming company, yesterday warned that current year profits would fall short of the I£5.02m (£4.75m) recorded in the 12 months to February 29

Directors blamed the economic downturn, closure costs two of the group's operating locations are to be closed and investment in management and support systems.

London Wall £1m down at nine months

London Wall Holdings, an underwriting agency at Lloyd's, suffered a fall in profits from £1.45m to £445,000 pretax over the nine months to June 30.

Turnover of £3.28m (£4.86m) was made up as to agency fees £2.59m (£2.64m), profit commission £615,000 (£2.16m), other commission £25,000 (£24,000) and investment management fees £44,000 (£32,000).

Earnings per share emerged The shares are traded on the over-the-counter market.

Beckenham reduces debt further

Beckenham . Group, USM-quoted engineer, said that its arbitration proceedings against British Telecommunications had been settled as to the sum of £2.25m.

Together with the proceeds of Milan. The move reflects the the recent £1.9m rights issue, bank borrowings are reduced to about £3m.

Cussins Property back in the black

A return to profits in the first balf to end-June was reported by Cussins Property Group, the Newcastle-based contracting and construction group.

Profit on ordinary activities before tax was £437,000, against a restated loss of £271,000. The outcome was achieved on turnover up from 27,22m to 28.08m and was struck after reduced interest charges of

2355 000 (£1.05m). Mr Peter Cussins, chairman. said the core north-east housebuilding business was performing well and the current level of reservations promised further improvements in the sec-



Peter Cussins: borrowings continue to be reduced

Borrowings and overheads continued to be reduced, he said, while asset sales were being achieved despite the dif-

ficult market. Earnings per share came out at 3p (3p losses). Mr Cussins said the restoration of the divi-dend was dependent upon the elimination of the deficit on distributable reserves, which currently stood at £1.43m. The sale of the Denmark Centre for £3.2m would elimi-

nate £785,000 of the deficit, he

ICI in £45m Diprivan expansion

Imperial Chemical Industries is proceeding with a £45m expansion of its production site near

success of Diprivan, its injecta-

The investment project at ICI-Pharma at Caponago will approximately double capacity and increase flexibility in the manufacture of Diprivan. The project, due for completion in late 1994, involves the purchase of 13,000 sq m of land.

Isotron recovers in second half

Profits before tax of Isotron, the Wiltshire-based irradiation service company, amounted to 12.74m for the year to June 30, a fall of just 2.5 per cent on last time's £2.81m.

Earnings worked through at 14.8p (15.1p) and a final dividend of 2.57p makes a 3.94p (3.59p) total. Mr Colin Clive, chairman, said the group ended the year

with a strong balance sheet, nil

debt and cash of £3.8m. Michael Page falls to £1.3m

at £21.3m.

Pre-tax profits of Michael Page Group, the recruitment agency, fell from £2.09m to £1.29m for the half year ended June 30. Turnover was virtually static

Although the directors do not envisage any improvement in trading conditions, the interim dividend is held at 0.6p, payable from earnings of 1.36p (2.13p) per share. Operating profits of the UK

executive recruitment businesses rose marginally, primarily as a result of increased market share. Operating profits in France and the Benelux countries fell by 40 per cent and 45 per cent respectively following a significant downturn in employment

markets. The German subsid-

iary, established in July 1991,

Tomkins dividend rise incentive

traded at break-even.

Tomkins said yesterday that it planned to increase the interim and final dividends on its ordinary shares for the year to May 1 1993 by not less than 7.5

The industrial conglomerate wants holders of its 5.6 per cent cumulative convertible

ments: Net asset value 10.4p at July 31, against 27.4p a year earlier. Earnings per share for three months to end-July 0.60 (0.8p). As already announced, first interim dividend raised to

agreed to buy Transtar International Group, together with the 50 per cent of MG Parts Distributors and Adpart not already owned by Transtar, for an initial payment of £3.1m, with a further profits-related amount up to £1.9m.

pany, for about £431,000, satisfied by £279,000 cash and the

EC ARRIVALS UNITED KINGDOM 1949 ON TIME 1960 ARR EIRE 1978 ARR. **NETHERLANDS** ARR. 1979 BELGIUM ARR. FRANCE 1984 GERMANY 1985 ARR. ITALY 1987 SPAIN 1988 1989 ARR. EARLY

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AJ ARCHER Holdings is to acquire Kellett (Holdings). which manages three Lloyd's syndicates. Under the proposals shareholders will receive up to 2.25m paid-up Archer shares and a deferred profits-related cash consideration. CAVERDALE GROUP: Some 21.3m ordinary shares have been taken up, representing about 60 per cent of its rights

issue. The balance has been

. .

allotted to sub-underwriters. CHANNEL HOLDINGS: Recent rights issue taken up in respect of 900,681 new shares (some 30.71 per cent of issue). Balance of 2.03m subscribed for by subunder writers. COUNTY SMALLER Compa-

nies Investment Trust: Net

asset value 93.63p per share at

June 30. Earnings per share for rities: Net asset value 29.7p at

worked through at 3.17p. EFM INCOME Trust: Net asset value at July 31 was 34.8p (47.5p) per share and 40.1p (39.1p) per zero dividend preference share. Earnings per share 1.5p (2.5p) for three months to end-July. First interim dividend maintained at 1.2p. GARTMORE AMERICAN SOCIE-

share for the three months to end-June 0.16p (0.88p). As already announced, first interim dividend maintained at

MADDOX GROUP has received acceptances for 16.9m ordinary shares in its open offer of up to 180m shares at 5p each. These shares, together with 59.9m ordinary shares which were period from incorporation on June 30, down from 35.2p a firmly placed, amounts to April 10 1991 to end-June 1992 year earlier. Earnings per about 37 per cent of the 206m

shares conditionally placed at 8p each in connection with the acquisition of Wakebourne Group Holdings.
GARTMORE VALUE Invest-

0.9525p (0.925p). INGHAM has conditionally

PEEK is buying Gemo, a Norwegian traffic control com-

balance in shares.

COMPANY NEWS IN BRIEF

COMMODITIES AND AGRICULTURE

Bush's subsidy boost lifts Chicago wheat market

By George Graham in Washington

CHICAGO WHEAT futures rose yesterday after President George Bush announced a \$1bn expansion of US subsidies for wheat exports. In late trading the December contracted was 5 cents ahead at 342% cents a

President Bush told farmers at an election rally in South Dakota that he would offer subsidies for 30m tonnes of wheat under the Export Enhancement Program and announced his approval of \$755m of emergency disaster The disaster aid was

By Kenneth Gooding

INTERNATIONAL

MONETARY Fund statistics

just released throw fresh light

on the mystery of how Bel-

gium's central bank earlier

this year disposed of 202 tonnes

of gold from its reserves -equivalent to 11 per cent of

annual output from all the

It appears that the Bank of

International Settlements.

commonly known as the "cen-

tral bankers' banker," belped

Belgium sell the gold through

the market over a period of

The Beigian gold sale, revealed in June, raised fears

that other central banks might

follow suit, with a potentially

devastating impact on the gold

said yesterday of the new evi-dence provided by the IMF:

You could choose to view the

sales as bullish, as the market

appears to have absorbed the

gold. Or it could be the nudg-

ing open of the central bank

flood gates, which would be

By Cherry Mosteshar in

Mr GHOLAMREZA Aghazadeh,

the Iranian oil minister, promised this week that Iran would

provide routes to the oil mar-

ket for the newly independent

republics of central Asia and

He told energy officials and

experts gathered in Tehran for

a two-day conference on

Energy Co-operation in Central

Asia and the Caucasus that

Iran was ready to put its expe-

overwhelmingly bearish". tonnes in May, rei An analysis of the latest IMF 220 tonnes in June.

One senior bullion dealer

western world's gold mines.

approved by congress nearly a year ago, and will benefit not only Florida and Louisiana farmers hit last month by Hurricane Andrew but those affected by frosts and floods earlier this year. It will also cover unpaid crop loss claims from 1990 and 1991. White House officials said

the wheat export subsidies markets in 28 countries, with China and the former Soviet republics at the top of the list. Indeed, Russian officials were in Washington yesterday to discuss possible credits for grain ourchases.

Other countries targeted include South Africa, India,

Light thrown on gold mystery

figures by Reuter appears to support the theory that central

banks are gradually selling

down their gold holdings. It

shows that central bank gold

reserves have fallen to their

lowest level since at least 1961.

At the end of June reserves

However, some dealers pointed out that the statistics

provide only a "snapshot" of

the situation at a particular moment and that the IMF fig-

ures could not be wholly reli-

able because the fund took

reports from its members on

trust. "The IMF misses a lot,"

said one trader. Nevertheless, the IMF data

gives a clear picture of the Bel-

gian gold sale via the BIS. In

the space of one month -

between April and May -

there was an unprecedented

fall of 133 tonnes in the BIS

gold reserves. There was a

smaller, 27-tonne, drop

between March and April, a

month when the gold price was

low of \$334.75 an ounce.

fixed" in London at a six-year

BIS gold stocks, which fell to

a record low level of only 43

tonnes in May, rebounded to

Iran offers oil routes to ex-Soviet states

rience and expertise at their

means it can offer these repub-

lics a cheap and direct route

for their oil and gas on to the

European market. Experts at the conference predicted, how-

ever, that it would be at least

ten years before the necessary

Mr Abbas Maleki, Iran's dep-

uty foreign minister for science

and research, said: "The repub-

lics of central Asia and the

Caucasus, despite having vast

infrastructure was in place.

disposal.

stood at 35,344 tonnes.

Yemen, Poland and Brazil.
The expansion of the US export subsidy programme drew criticism from other grain-exporting nations. Some officials complained that Mr Bush appeared to be torpe-doing attempts to complete the Uruguay Round of talks on revising the General Agreement on Tariffs and Trade

agricultural export subsidies. We deeply regret that domestic political pressures have overridden a US commit ment to the pursuit of a less corrupted international trading environment for farm products," said Mr Paul Keating,

Meanwhile, Belgian gold reserves fell by 202 tonnes between May and June. There

was no corresponding rise in

the reserves of other central banks, indicating that the sales

had mostly been absorbed into

the market rather than taken

Dealers said all this suggested that Belgium had

given the BIS early warning that it wanted to sell its gold

and that the BIS had dribbled

the metal through the market

over a period of time which it

was still impossible to esti-

mate. Once the gold had been

sold, the BIS topped up its reserves with the Belgian gold.

the gold price, Mr Andy Smith,

analyst at Union Bank of Swit

zerland, said last night: "This

is cold coffee because the mar-

ket reacted to the Belgian

announcement in June by

going better. There is nothing

in the IMF statistics to produc

an immediate price reaction.

But the market will still want

to cogitate about the longer

Central Bank holdings are

still equivalent to about 12,5

energy resources, suffer from a

because they do not have the

The oil-rich states of central

Asia and the Caucasus — Kaz

akhstan, Azerbaijan, Turkmen-

istan, Ukraine and Uzbekistan

b/d just to meet their own

needs. Azerbaijan consumes 50,000 b/d but only produces

now produce 900,000 barrels

day. However, they need 1m

oil, gas and coal reserves".

term considerations.

years' gold demand.

lisposal. lack of energy. They cannot Iran's strategic position even meet their own needs,

As for the implications for

on to another bank's books.

for the survivors, as it con-tains high levels of sugar to belp rebuild their strength. The sheep enjoy kiwi fruit, but farmers will have to be careful to spread them around their fields. Too many kiwi fruit at once could be harmful for a sheep," a government

farm advisory officer said. Hundreds of railway wagon and trucks are taking hay and silage to the South Island farmers, many of whom face financial ruin because of the blizzards that struck while the sheep were having their lambs. A Federated Farmers' official said yesterday that despite the shipments of hay, silage and kiwi fruit, many of

Weeks of cold, wet weather have turned the region's normaily lush pastures into mud, stunted grees growth.

The huge lamb losses are

causing serious concerns at the effect on the export trade to Britain over the next two seasons as it is expected many farmers will hold back stock in an effort to rebuild their

prices for stock to keep their factories operating. Pierce competition among processing panies for sheep last sea son pushed prices rose so high that companies were reported to be making a loss on the stock they purchased.

Kiwi fruit on menu for starving NZ sheep

By Terry Hall in Weilington

STARVING SHEEP and lambs on the South Island's Canterbury Plains have something new on the menu: kiwi fruit. The sheep are the survivors of freak weekend blizzards. the worst for 50 years, which blanketed much of the plain with metres of snow, and is only now starting to thaw.

Riwi fruit farmers in the North Island are sending 11,000 tonnes of produce that is not considered good enough for export to the South Island as extra feed for the sheep. The farmers have been told that the kiwi fruit will be good

the remaining stock were starving, and more was

Most South Island farmers rely on sheep for their livelibood; their wool and meat are among New Zealand's major exports. Farmers' losses from the storms in Canterbury, the worst for 50 years, have been estimated at 8NZ60m (£16m). In the neighbouring provinces of Otago and Southland, which missed the worst of the suowstorms, farmers also face losses put at NZ\$50m.

and low temperatures have

South Island meat processing companies will be to bid up

Cesh 1245-6 I months 1272-3

Leed (E per tonne)

Cash 325-6 3 months 385-5.6

itel (\$ per tons

Ceah 7145-50 I modes 7225-30

The (\$ per tonne)

WORLD COMMODITIES PRICES

AM Office

Demand growth forecast for copper

By Kenneth Gooding

COPPER DEMAND is almost wholly insensitive to price al's uses are determined by technical rather than economic considerations, says the Commodities Research Unit consultancy group in a report today.
Its analysis shows that copper gained markets in the late 1980s when metal's price was

The report concludes that

demand growth, capacity con-straints and profitable min-Copper's price must remain

above 90 cents a lb in the long term as this is the level that will encourage mining compa-nies to go ahead with projects at present under consideration. the CRU suggests.
It claims the study breaks new ground by presenting data

and analysing copper consump-

developing countries, as had previously been done for the developed world. The report the copper industry can look forward to "years of sustained provides guidance for copper fabricators as well as mining companies preparing their strategies for the next decade.

Copper's growth prospects are underpinned by the devel-oping countries of south east Asia, India, China and Latin America, according to the report. Although these areas account for only 18 per cent of western world copper consumption at present, more

ted increase in demand will come from them in future.

Refined copper consumption in these areas will grow at nearly 5 per cent a year in the period to 2005, suggests the CRU, whereas growth will be only 1 per cent in the developed world and 2.1 per cent for the western world as a whole. The Long Term Outlook for Copper Demand and Price £17,750 from the CRU, 31 Mount Pleasant, London WC1X OAD

Bolivia waits for \$35m mining credit

By Chris Philipsborn

THE WORLD Bank is to release a \$35m credit to the Bolivian mining industry over the next two weeks according to Mr Jorge P. Quiroga, the Bolivian finance minister.

ment of a radical redundancy programme. Negotiations are

The World Bank has been withholding the credit, \$23m of which was earmarked for the restructuring of Comibol, until the corporation speeded up the joint venture process and slimmed down its bureaucracy. As far as Comibol's long term prospects are concerned, Bolivian planning minister Mr Samuel Doria Medina says he believes the country's constitution will be changed within the next year to allow the corpora-

decision by Comibol this week to reject a joint venture deal with Minera Tiwanacu concerning the Bolivar mine. The deal was widely expected to be finalised by the end of this month. In rejecting the

deal, Bolivian mining minister

Mr Alvaro Rejas said Tiwana-

cu's plan to build a concentrate

plant at nearby Poopo, rather

mine, was "unsuitable Industry representative say, however, that the Tiwanacu deal was turned down because of parliamentary pressure on Comibol's board and discrepancies in Tiwanacu's bid.

than on the site of the Bolivar

In addition, the original contract specifications sent out by Comibol were widely condemned as too imprecise. Tiwanscu is the third company to have attempted a joint venture deal for the Bolivar mine, New invitations to tender for the mine have been issued.

likely to continue into next tion's full privatisation. However, a more immediate week, according to Comibol stumbling block to the release officials. of the World Bank credit is the

A mission from the World

Bank is in Bolivia to discuss recent changes within Comibol, the state mining corpora-tion. These include the replacement of the corporation's president, Mr Alberto Ono VIIlegas by Dr Marcelo Perez

EC fish deficit widens as demand increases

By David Blackwell

THE EUROPEAN Community is becoming less self-sufficient in fish and shellfish at a time of rising consumption, according to a report from Frost & Sullivan, the international market research organisation. Landings of fish for human consumption are forecast to rise from 3.96m tonnes in 1990 to 4.18m tonnes in 1996 after touching a low of 3.95m tonnes this year. This compares with consumption of 4.94m tonnes in 1990, rising to 5.32m tonnes

The retail value of the EC fish market is expected to reach \$22.4bn in 1996, compared with \$20.8bn in 1990. Shellfish landings totalled

of a total world catch of 98m tonnes. EC landings are expec-ted to rise to 1.52m tonnes in 1996, when consumption is expected to be 2.35m tonnes, up from 1990's 1.92m tonnes.

Fish farming is expected to be supplying the market with 372,000 tonnes of fish and 760,000 tonnes of shellfish in 1996, compared with 263,000 tonnes and 656,000 tonnes respectively in 1990.

Until 1988 the EC was self-sufficient in fish and shellfish. The report points out that it can still be argued that the EC lands enough fish to support itself, as only 65 per cent of the total 1990 catch of 10.6m torines in 1990 went for human



The report suggests that as supplies of common varieties such as cod, herring and mackeral fail to meet demand, consumers are being forced to eat less common varieties which would previously have gone for processing into fish meal and other industrial purposes. The EC figures, as a per-centage of the world catch, are

disturbing," says the report "This is not just because they are low, but because the trend has remained negative despite aquaculture progress."
The European Market for Fish,
Farmed Fish and Associated Products. Price \$3,000, from Frost and Sullivan Ltd., Sul-

itvan House, 4 Grosvenor Gardens London SWI OHD.

Canadian company joins leaders in methanol market

By Robert Gibbens in

A CANADIAN company indirectly controlled by Metallgesellschaft of Germany has quietly become a leader in the world methanol market.

Methanol demand is expected to grow deeply this decade, especially in north America. since it is a base material for cleaner transport fuels.

384/384 334/388

7153/7152 7385/7210

and controlled through the the marketing of another 1.6 Methansx will contribute German multinational's US arm, last year bought a new methanol plant in British Columbia from Ocalot Indus-

US\$222m, it will become one of the world's top four methanol producers in partnership with Germany's Hoechst and American Cyanamid, with 1.4m

147,791 lots

turnover 3,530 lots

M.CS. ION

20,621 lots

lotal duity turnover 13,833 lots

Methanex, based in Calgary tonnes production capacity and ide emissions. tonnes. All Metallessellschaft's worldwide methanol business will come under Methanex in Calgary. The main market will be the US because of the Clean Air Act's rising standards. Methanol is made from natural gas and is a key component of MTBE (methyl tertiary butyl

ether). MTBE, when added to

petrol, reduces carbon monox-

HEATING Oil 42,000 US palis, cents/US palis

Chies Previous High/Low

Prendous High/Low

61.17 62.15 63.25 63.85 62.60 60.43 58.53 57.20 56.33 56.13

60.86 81.70 82.80 63.25 60.25 60.40 87.05 88.00

COCOA 10 tonnes;E/tonnes

Close

US\$70m to restart an idle Hoechst methanol plant in Texas in return for a 49 per tion of 600,000 tonnes yearly will be shared by the partners. Also Methanex puts up US\$97m to convert a Cyanamid ammonia plant at New Orleans to methanol, for a 70 per cent

 h_{ij}^{\prime}

Service Services

West of the

٠.

\$4.

ownership stake.

Chicago

MARKET REPORT

GOLD closed around the day's lows on the London bullion market. The recent failure of two attempts to breach resistance around \$343 a troy ounce promoted a test of the downside. The market failed to derive much support from the dollar. Comex gold futures were lower at midday on selling linked to the market's weak technical position and general lack of investor demand. London COCOA, supported by a firmer New York market, edged back into the olus column in the to Tuesday's sharp fall, while robusta COFFEE also extended

London Markets

Crude all (per barrel FOB)(Oct)	+ 0
Oubel	\$18.05-10	+0.
Brent Blend (dated)	\$19.95-2.00	+ .1:
Brend (Oct)	\$20.10-15	+0.
W.T.i (1 pm est)	\$21.65-75	F.1
Oil products		
(NWE prompt delivery per t	orane CIF)	+ (
Premium Gasoline	\$219-221	
Gas OR	\$162-163	
Heavy Fuel Oil Naphthe	384-86 8186-197	+6.
нартин Расовые Агры Евітива		70.
		+ 4
Other		
Gold (per troy oz)	\$339.30	-5.0
Silver (per troy oz). Platinum (per troy oz)	370.5c \$355.75	-0.0 -4.50
Paliadium (per troy oz)	\$87.2	-0.1
Copper (US Producer)	115.5c	+04
Leed (US Producer)	39.40	-0.7
Tin (Kuala Lumpur market)		
Tin (New York)	315.50€	
Zinc (US Prime Western)	62,0c	
Cattle (live weight)	109.12p	-0.36
Sheep (live weight)†•	72.51p	-1.23
Pigs (live weight)†	81.31p	+0.4
London delily sugar (raw)	\$250.00w	-8.0
London daily sugar (white)		42
Tate and Lyle export price	_	-4.0
Barley (English feed)	Unq	
Minister (US No. 3 yealow) Wheat (US Dark Northern)	€148.0 Ling	
		0.00
Rubber (Oct)♥ Rubber (Nov)♥	49.50p 49.50o	-0.26 -0.25
Rubber (KL RSS No 1 Jul)	216.0m	
Coconut all (Philippines)5	\$502.54	-72.5
Pales Oil (Malaysian)§	\$395.0y	+5.0
Copra (Philippings)§	\$325.0	-5
SCYROLIS (LUI)	£131 Oz	
Cotton "A" Index	57.00c	-0.05
Waaltops (54s Super)	364p	_

gains as New York's December arabica contract broke through kev resistance at 55.70 cents a lb in early trading. The New York gains were on technically driven fund and commission house buying, but analysts said coffee's downtrend was still intact. On the LME, most BASE METALS, apart from nickel, spent the day in narrow trading ranges. Bargain hunting purchases on dips, particularly due to the weaker dollar, were

met by hedge selling on rallies. But the pace of trading was slow and markets were thin. NICKEL broke below the bottom end of

UGA	- 1	⊨ POX	(\$ per torme
	Close	Printous	High/Low
let	200.00	207 00	201.00 200.00
lec far	197.00	197.00 198.40	197.00 194.60
Lay	194.60	198.40	194.60
Parities.	Deba	Previous	High/Low
let	258.00	256.30	258.90 257.50
lec liter	252.50 255.50	254.30 257.00	254.00 252.50 256.00 255.00
iny	258.00	259.60	380.NI 257.79
400	262.60	263.60	264 10 262.80
ct	254,40	254.60	254.40
			of 50 larmes.
	1457 (1088 25.80 Dec		hite (FFr per Ignine):
	E OHL - H		S/barre
	Clos		
ct	20.12		20.20 20.08
lov .	20.14		20.21 20.10
ec.	20 15		20.20 20.10
en Ge	20.00		20.10 20.04 19.92
ee PEhnd	19,90 ters 20,04		20.04
	er 17875 (
nuos			Shore
nusa	er 17875 (S/tornet
umov	er 17875 (L - 176 Close 182.00	26533) Previous 181.75	High/Low 182.50 181.50
lep lep	Close 182.00 186.25	Previous 181.75 185.75	High/Low 182.50 181.50 188.75 185.50
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OTATOES - Leader POX

61.5 61.5 60.3 grover 69 (23) lots of 20 touries, Close Previous High/Lon 119.00 118.50 118.00 121.00 120.50 121.00 40 (40) lots of 29 tonnes. Previous High/Low 1100 1186 1176 1220 1275 1125 1282 1064 1165 1166 1166 1169 1220 1210 1275 1165 1292

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Cash 1405-5 3 monins 1370-1 LINE Closing EPOT: 20043 LONDON BULLION MAINCET (Prices supplied by N M Rolls 336.10-339.50 336.90-238.30 340.40 x 340.45 341.00-341.30 336.10-338.40 Loco Ldn Mayn Gold Londing Rates (Va USE) 2.75 2.72 US da equiv Silver Sk bypol os 372.00 375.05 378.65 385.90 \$ price 340.00-341.00 171.00-172.00 349.55-350.80 ne Sep Dec Sep Dec 66 45 00

> 69 49 28 25 55 95

New York GOLD 100 tray oz.; \$7tray oz. 349.8 341.7 342.5 343.4 345.1 346.8 350.4 350.4 338.5 339.4 340.2 041.1 342.8 344.5 346.3 346.1 350.9 0 341.7 0 343,4 345.1 346.0 Sep Oct Nov Dec Feb Apr Jos Aug Oct Close Previous High/Low 354.0 357.7 350.6 354.0 350.6 354.0 356.5 353.0 354.0 SELVER 5.000 troy oz. cente/troy oz. 369.2 370.0 571.0 572.7 374.0 376.5 378.1 381.6 384.3 388.6 371,4 372,2 373,2 375,0 878,3 378,8 381,5 384,1 386,9 381,2 0 374.5 0 378.0 0 384.0 0 111,30 111,85 112,45 112,46 112,46 112,26 112,15 111,40 111,25 110,00 0 112.50 21.69 21.53 21.44 01.30 21.22 21.12 21.01 20.90 20.80 30.71 21.84 21.46 21.41 21.30 21.19 21.09 20.96 20.87 20.87 20.66 Oct. Nov Oct. Nev

1273-3.5

332-3

7210-15

11,412 lots 64,775 folia 6 months: 1,2915 9 months: 1,47% COFFEE "C" 37,500lbs; cents/for Chose 52,80 55,30 57,05 90,40 82,70 84,30 88,00 Previous High/Low 2.00 8.84 8.85 6.86 8.85 9.00 8.84 9.86 8.86 8.63 COTTON 50,000; cents/lbe 372.0 0 375.5 0 382.0 56.70 56.15 56.05 56.85 57.40 0 59.16 115.80 110.50 109.80 109.80 110.65 110.05 110.05 110.05 113.00 109.25 106.55 109.60 109.60 109.10 109.10 109.10 Sep Hoy Jan Har Mar Mar Mar Mar Jan Noy Jan 9 112.30 112.40 0 112.05

FIGAR WORLD "11" | 12,000 lbs; cents/lbs EUTERS (Base: September 18 1931 = 100) Sep.2 Sep.1 minth ago yr ago 1511.2 1516 6 1542.3 1860.3 OW JONES (Base: Dec. 31 1974 -- 100) Sep.1 Aug.31 mnth ago yr ago 116.93 122.91

SOYABEANS 6.000 bu min; cents/801b bushel 81.60 62.70 63.10 62.25 80.40 56.40 57.10 50.50 56.25 554/6 548/6 658/4 564/0 570/6 578/4 577/4 571/0 578/0 552/2 545/2 652/2 660/0 667/0 573/0 573/0 569/4 571/6 558/4 651/0 658/4 568/2 573/4 580/4 578/0 578/4 869/2 544/2 851/2 559/2 596/4 573/0 576/0 571/4 SOYABEAN OIL 60,000 fox; cents/ib Previous High/Lov 18.32 18.80 18.77 19.07 19.36 19.61 18.07 18.21 18.49 18.66 18.97 19.27 19.52 18.35 18.47 18.74 18.51 19.20 19.45 19.71 EAN MEAL 100 tons; \$/lon Cigna Previous High/Low 177.5 193.5 192.2 191.3 191.0 190.3 191.0 191.5 194.0 MAIZE 5,000 bu min; cent High/Low 223/4 221/0 230/0 236/0 240/6 240/0 243/0 220/6 220/0 229/0 234/6 239/4 239/4 243/0 223/6 222/4 230/6 236/4 241/4 243/4 219/2 228/2 234/2 239/0 239/2 241/4 Close 338/0 348/2 347/0 323/0 0 337/6 329/4 940/0 348/4 341/0 317/4 Close Previ High/Low 73.550 72.400 71.575 72.525 69.475 68.200 68.400 74.600 73.225 72.125 72.975 69.950 68.475 68.800 Oct Dec Feb Apr Jun Aug Oct 74,700 73,325 72,200 73,000 69,950 68,475 69,006 73.400 72.300 -71.600 72.450 69.350 LIVE HOGS 40,000 to: cer 41 100 41 875 40.725 38 850 44.550 44.500 43.400 40.450 42.100 40.000 40.875 40.525 38.800 44.400 44.450 43.300 40.300 0 PORK BELLIES 40,000 lbs; cents/lo 41.750 41.825 42.900 42.925 42.200

LONDON STOCK EXCHANGE

Strong close to an uncertain session

By Terry Byland,

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AN IRREGULAR trading session saw the UK equity market regain the FT-SE 2300 mark to close very firmly yesterday, although much of the impetus came from other sectors of the London financial arena. Stock index futures led the underlying blue chip stocks, and a recovery from early weakness was also encouraged by gains in government bonds and in the December contract on sterling futures, or short sterling as it is known in the City. Also, as equities moved towards the close, the pound was edging higher against the D-Mark. Dealers doubted whether the blg institutions had played

much part in the recovery in equities which left the FT-SE Index ahead by 14.6 at 2,313.0 at its final reading. Trading volume was swollen by a handful of individual deals, notably a bought deal of 9.6m shares in Enterprise Oil. The day's Seaq volume total of 431.6m shares implied a return to more normal business levels after the bank holiday weekend. Tuesday's Seaq total of 312.8m was worth only £589.5m in terms of retail business.

The session opened nervously, with traders apprehensive regarding prospects for today's meeting of the Bundesbank policy council.

Worries over the implications of sterling's weakness for domestic interest rate prospects continued to overshadow

Account Dealing Dates Sep 7 Sep 3 Sec 28 Oct 12 "Now time dealings may take piscs inten 8.20 am tuo business days earlier.

equity investors. A leading UK brokerage house expressed bearish views on the stock market and share prices were soon undermined by a disappointing start in stock index

look still the prime factor in The Footsle was soon down the market, particular attento the 2.282 area without seeing any great weight of selling. At tion was paid to the recovery in sterling futures which were this point, however, market regarded as heavily oversold following pressure from a leadrebounded and steady, but not strong, demand for the blue

ing UK bank last week. over 2,314. Optimism flagged September 20 (the date of later when Wall Street made a the French referendum on the slow start to its new session, Maastricht proposals) is still a showing a gain of only 4.32 on long way away; and DM 2.7780 the Dow in early deals. The is very close," commented Mr futures market came to the aid Robin Aspinall at Panmure of equities again at the close, Gordon. The UK stock market taking share prices to just is likely to remain highly nerunder the day's best levels. vous until that date, and vul-Market strategists pointed to nerable to changes of mood in

the presence of several of the the interest rate futures marleading London securities bouses in the derivatives mar-Yesterday's recovery was led kets as an indication that techby gains in the international stocks which had suffered parnical forces had driven the rally in share prices. ticularly severely during the market's downturn. With the interest rate out-

Domestic issues, including the store and building shares which are vulnerable to interest rate worries, found it more difficult to join in the market's upswing.

FINANCIAL TIMES STOCK INDICES (1/4) (9/1/35) 106.39 97 15 106.35 50.53 (6.7/92) (3/1/75) 1680.6 1688.6 1676.2 2108.3 1670.0 2149 7 (22/5/92) (26/6/40) 75.1 (2/9) (15-2/93) (26/10/71) 2737.8 (11/5)1029.56 1249.79 936.62 (25/8) (11.5-92) (16/1/91) 1248.79 5.29 7.00 16.44 5.28 7 68 16.47 Basis 100 Gent See: 15 18/26, Faird of 1978, Darrah ●Earning Yld %(fulf) ●P/E Ratio(Net)(☆) 1/7/35, good names 17 9/56 Bases 1000 FT-GE 1/10 31/12 93 & FT-SE Eurotrack 200 CG 10 90 . BM 15 13 7.74 15.33 17.02 16.33 17,194 664.7 19,253 318.2 18,567 17,228 29,544 878.6 628.2 692.8 20,648 20,490 29,561 392.4 336.1 315.8 SEAO Bargns 5.00pm Equity Turnover(Em)t 15,689 569.5 GILT EDGED ACTIVITY Sept 1 Aug 28 Gilt Edged Day's High 1683.0 Day's Low 1855.3 Open | U am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm | 1664.7 | 1665.7 | 1666.7 | 1672.5 | 1574.5 | 1678.2 | 1681.6 | 1681.6 | Bargains 5 - Day avorage 105.5 102 1 FT-SE 100, Hourly changes Day's High 2314.1 SE Activity 1974 Dpm 9 mm 10 am 11 am 12 pm 22812 2282.4 2297.7 2303.9 2302.6 †Excluding intra-market 1 pm 2 pm 3 pm 4 pm 2313 0 2310 1 2312.0 FT-SE Eurotrack 200, Hourly changes Day's High 1051 53 Day's Low 1041,55 12 pm 1045.04 1 pm 2 pm 1050.65 1050.65 TRADING VOLUME IN MAJOR STOCKS

Heavy deal hits **Enterprise**

A BOUGHT deal involving the purchase and sale of a 2.1 per cent stake in Enterprise Oil, regarded as the UK's leading independent oil exploration and production company, triggered a steep decline in the share price.

After opening on a relatively

steady note at 343p, Enterprise dropped as news of the placing filtered into the market. The 2.1 per cent block, some 9.6m shares, was hought by broker Hoare Govett from a single UK nstitution and placed with a number of Hoare's institutional clients.

Hoars said it had placed the shares at 318p each and that no corporate holders had been involved on either the buying or selling side of the deal. The placing took only 20 minutes, according to the broker. The Seaq ticker revealed that a block of 9.6m Enterprise shares had been traded at 315 kp, indicating that Hours took a 2%p a share turn on the block. At worst the shares touched 323p, before finishing a net 21

down at 324p. Turnover, almost entirely accounted for by the bought deal, reached 20m. The seller was not revealed but specialists ruled out Elf Aquitaine, the French oil concern, which has a substantial holding of Enterprise shares via its Elf-Enterprise joint

Norwich Union, with an 8 per cent stake (36.7m shares) as was Prudential, with a 4.9 per cent interest (22.3m shares). On the other hand, Schroders, with 3.39 per cent (15.5m shares), was believed to be a firm holder. Among other investment institutions, Gartmore was suggested as a possible seller of Enterprise stock.

Rank sold ...

Not even confirmation of the disposal of one of its London hotels could lift the recent gloom that has descended on Rank Organisation, and the slide in the shares continued

NEW HIGHS AND LOWS FOR 1992

Entra Inc., River & Merc. Smitr. Co., Sphere Ears P. TR Euro. Growth, Do Prig. Subs., MEDIA (2) Blech (ACI, Lopex, Pearson, SERCHAIT SHORE) (2) Hambros, Wardung Gr. P. STT, & STT. FORBERS (3) Apolio Metals, Br. Sleet, Cook (Mrs.), NISC (8) Abbeyered; Fil, Harriage, Horrby, Lincal, No.-Seda, Rothmana, Walker Greenbark, NoTORS (2) Dagenhaue, Sonderson Murry E. Ob. & GAS (4) Sow Valley, Clobal Nat. For., Pearson, Total, O'THER FROM, Cr.) Bridgers, Cambridge, PAFC 8,3 P. Hesderson Admir., Jupider Tyndal, M. & G. Marcury, Asset Mingent, CTHER MID. MATLS (6) STR Wes. SCIES, Elform, Headway Kelsey, Norcros, Walte Blake, Williams. Do Sp Pl. PACKE, PAPER & PRINTO (1) R. Nee, PROP PS STIME, ST Land, Cares, Eng. & O'sees, Greycost, Hammarson, Langua, Palmurston, Wood (16), STONESS (7) Fired Earth T. Goldantellin, Lloyds Chetsa, Do Tig. De Langua, Palmurston, Wood (16), STONESS (7) Fired Earth T. Goldantellin, Lloyds Chetsa, Do Tig. De Langua, Party (1) Campan, Gesavel, Lenond, Stanf, Tornitinane, Sci. Middler, Telefonica, Textra (9) Campan, Gesavel, Lenond, Stanf, Tornitinane, Sci. Middler, Selection, R. Gover, Harmony Millorco, Ord, Phace Procke, St. Nelson, Southwall, Shilopsish, Unicest, Venneuropes, Vogels, Winkelbaak, Winkelbaak

apace yesterday, this time caused by a profits downgrading from broker BZW. Following Tuesday's down-

grading by Kleinwort Benson, BZW yesterday shaved its cur-rent year forecast by £14m to £246m and cut the following year's figure by £35m to £285m, "to take account of the tougher outlook for leisure in the UK". Ms Jane Anscombe at BZW, however, believes the recent falls in Rank have been overdone, as have worries over the balance sheet, and said: "We are actually buyers at these levels." The shares closed 14 lower at 477p after brisk trade

Rank confirmed that it had sold its Athenaeum central London hotel for what analysts believe to be £15m to £20m.

Tarmac hit

of 1.7m.

A thoroughly demoralised building sector provided the market's weakest individual performer in building materials and contracting group Tarmac, which dropped 9, about 14 per cent, to 56p, the lowest level since the mid-1980s. Almost 11m Tarmac shares changed hands, making them the market's third most heavily traded stock.

The latest bout of selling pressure was said to have been triggered by Kleinwort Benson, the stockbroker, which was said to have pencilled in a loss of around £15m for this year. Abbey National was prominent in the banks sector, with hints of a broker buy recommendation said to have triggered the 7 gain to 270p. Sun Alliance eased 2 to 222p in front of today's interim figures, which are expected to show losses of between £115m and £165m.

The electricity distribution companies tumbled as private investors sold their stock ahead of the final 70p call on the shares due on September 15. The Riectricity Package was under pressure in front of Friday's cessation of trading, closing £100 down at £3055, with dealers detecting signs of sizeable overseas selling, perticularly from the US.

Among the individual electricity stocks, Midland fell 14 to 306p on heavy turnover of 3.6m, while Yorkshire and London each lost 13 to 353p and 286p respectively.

Dealers feared that the hig

institutional deal in Enterprise Oll might spark a similar trend in other UK oil independents. It was remembered that the Clyde share price had suffered as a result of similar institu-tional activity earlier this year. Along with Clyde, Goal, Premiar and Monument Oil & Ges were viewed as potentially vul-

nerable to the recent retreat by oil prices, when the latter is seen in sterling terms. The severe weakness of the dollar has left sterling oil prices at around their lowest for some 20 years, according to oil analysts. Lasmo shares, given a

FT-A All-Share Index 1,150

Equity Shares Traded

300 200.

since the group won control of Ultramar, eased 2 to 129p.
A stock overhang and worries that the poor late summer weather in the UK will affect full-year profits at Cadbury Schweppes combined to

depress the shares, which

severe mauling by the market

anded 8 down at 421D. Ladbroke Group was in demand ahead of today's halfyear statement and moved forward 5 to 1480. Granada Group appreciated 6 to 243p.

Housebuilders continued to attract determined selling across the board, with Wilson Bowden, scheduled to reveal interims this morning, a further 6 lower at 226p.

George Wimpey, reporting half-time results next Tuesday. slipped 2 to a low for the year of 83p as dealers pondered the possibility of a reduction in the

Owners Abroad, still depressed by the recent Smith New Court profits downgrade, continued to languish and finshed 2 cheaper at 54p. Demand from the US was said to have been the reason for an advance by British Air-

ways of 10 to 234p on turnover A trader shopping for around 250,000 shares in IMI caused a squeeze in the stock, which moved ahead 7 to 239p. UBS Phillips & Drew is said to be positive on Siebe, which

helped the shares gain 6 at

581 p. An initial decline in British Aerospace was followed by a strong rise, with brokers Kleinwort Benson and S.G. Warburg reported to have shown a keen interest in the shares. They were eventually 12 ahead at 217p after turnover of 1.4m.

MARKET REPORTERS Steve Thompson, Joel Kibazo.

Other market statistics

DRITISH FUNDS



EQUITY FUTURES AND OPTIONS TRADING

LONDON SHARE SERVICE

BEOTISM FUNDS - Cont.

ACTIVITY increased sharply in the derivatives markets yesterday as a strong advance in government bonds encouraged several London securities houses to take a more positive view of the interest rate out-

look, writes Terry Byland. in futures, the September contract on the FT-SE Index opened lower but moved up strongly at mid-morning, touching a day's peak of 2,330 before its official close of

of around 7 over the fair value figure, which incorporates dividend flows and financing costs.

Dealers identified two leading UK houses and one US house as determined buyers of the stock index futures. However, there was further selling of the September contract from the US house, which has followed a determinedly bearish tack for several weeks.

In traded options, volume jumped from Tuesday's 15,060 contracts to 27,495 yesterday. with 17,619 representing calls. The FT-SE contract traded 10,153 compared with 6,424. Tesco topped the actives list in stock options with 2,249 contracts, as a large line of shares appeared in the stock market. Cadbury-Schweppes options. also overshadowed by stock in the equity market, had 1,178

BRITISH FUNDS - COME.

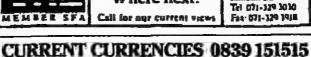
PT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1992, Compiled by the Financial Times Ltd In conjunction with the institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS	W	ednesd	ay Sep	tembe	2 19	92	Sep 1	Aug 28	The Aug 27	Yes ag (appr
Fig	L SUB-SECTIONS ure: In parentheses show number of stocks per section	index No.	Day's	Est. Earnings Yield % (Max.)	Gross Dis. Yield% (Act st (25%)	P/E P/E Ratio (Met)	nd adj. 1992 to date	Index No.	index No.	Index No.	ma M
	CAPITAL GOODS (175)	682,12	+0.1	8.65	6.56	14.80	21.54	661.32	167.10		
2	Building Materials (23)	661.99	-1.8	8.21	8.37	16.52	27.19	674.03	695.13		
3	Contracting, Construction (27)	508.39	-24	6,69	11,74	33.15	25.52	521.02	548.15	549 28	1170
	Electricals (9)	2035.47	-0.8	8.74	7.42	15.80	73 60	2013.21	2042.18	2049.33	
В		1918.04	-0.2	8.42	4.49	14.81	46.26	1921.71	1907.67	1893.66	
	Engineering-Aerospace (6)		+1.0	12.15	8.69	10.41	11.27	296.67	295.14		
	Engineering-General (43)		+0.3	9.93	5.81	12.79	12.65	414.10	415.58	418.46	
B	Metals and Metal Forming (7)	266.21	+1.1	6.53	8,28	22.27	7.30	263.26	263.57	264.36	
위	Motors (14)	277.43	+1.1	9.66	8.50	13.60	12.80	274 42	279.54	285.30	
얘	Other Industrial Materials (29)	1501.97	+1.1	8.26	5.52	14.56	34.35	1485.55			
I	CONSUMER GROUP (191)	1461.85	+0.5	8.30	3,93	14.80	28.02	1453.Mi			
2	Brewers and Distillers (25)	1839.30	+0.7	7.04	3.98	13.35	37.45	1827 22	185.24	1034 53	
5	Food Manufacturing (19)	1083.63	-0.1	9.96	4.87	12.42	26.54	1084.45	1094.53		
	Food Retalling (18)		********	9.39	3.50	13.87	47,40	2605.86	2612.43		
	Health and Household (25)		+0,9	7 41	2.86	15.40	42.46	3692.80	3766.05	3723.87	374
2	Hotels and Leisure (18)	757.05	+0.7	6.36	7.14		38.02	952.75	157.73	968.63	
1	Media (26)	700.05	+0.9 +0.8	7.21 7.55	3.75	17.27	29.64 16.15	1391.82 704.30	705.90		77
넴	Packaging, Paper & Printing (17)	709.30			4.66	17.52					
	Stores (34)		+1.5	7.60	4.00	14.49	17.01	934.14	929.24	933.18 558.77	
	Textiles (9)			8.60	5.50		15.02	333.57	558.41		61/
灲	OTHER GROUPS (117) Business Services (17)	1173.34	40,6	10,63	5,79	11.77	37.04	1160.34	1179.81	1201.99	
빜	Chamies is 790)	1365 44	+1.0	7.82	4.37 5.79	15.87		1243.05			
51	Chemicals (22)	1007 03	-0.1	10.52	10.11	12.19	37.23			1111.44	
김	Transport (14)	2104 62	+26	9.12	5.38	13.48	55,92	2138.63	2138.51	2152.74	
3	Electricity (16)	1 127 91	-0.5	15.66	5.52	0.23		1336.04	1348.25	1343.36	
d	Telephone Networks(4)	1 172 26	40.6	11.02	7.111	11.83	46.15	1364.68		1372.30	
ä	Water(11)	2885.73	+0.5	15.52	6.00	7.13	86.85	2870.93		2906.93	
	Miscellaneous (23)	1861.34	-0.2	7.14	5.C	17.58	54.01	1865.56	1899.58		194
	INDUSTRIAL GROUP (483)	1174.01	10.5	9.13	4.98	13.65	29.75	1168 49		1179.31	133
-		1807.62	-0.3	7.55		17.82	_				-
				_	7.05		69.56		1817.95		248
	500 SHARE INDEX (500)	1234.51	+0.4	11.97	5.19	13.45	32.95	1229.61	1239.31		
	FINANCIAL GROUP (83)	650.16	+0.7		6.74	-	35.05	645.75	644.62		
욉	Banks (9)	894.25	+1.0	7.17	6.16	20.11	36.70	285.5%	878.26		98
	Insurance (Life) (6)		+0_1	-	6,80	-	45,47	1310 93	1322.34		163
넴	Insurance (Composite) (7)	435.52	+1.0	-	6.90		15.81	43L27	430.75	433.29	67:
7	Insurance (Brokers) (1.0)	561.93	-0.3	12.64	9,75	10.38	39.26	563.61	571.28	560.33	114
9	Merchant Banks (7)	396.85	+0.3	12.14	5,45	10.04	12.37	395.49	395.41	397.62	445
2	Property (30)	497.16	+6.1	12.14	8.95	10.96	23.34	96.83	504 Z7	499.20	950
4	Other Financial (14)	215.01		9.26	8.03	14.19	6.63	215.09	216.19	216.59	265
		1034.63	-0.2		4.34	-	24.24	1036.96	1037.26	1037.71	1257
9	ALL-SHARE INDEX (653)	1094.45	40.4	-	5.36	-	30.86	1089.89	1096.99	1897.46	127
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British Severage Land La						1992	1 2	Low Coupons I	5 years 5 years	9.05	9.15	8.72 9.57
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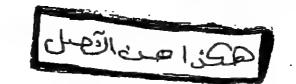
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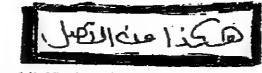
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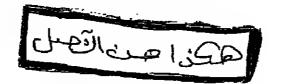
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Money Market

Trust Funds

MONEY MARKET FUNDS

CURRENCIES, MONEY AND CAPITAL MARKETS

FINANCIAL FUTURES AND OPTIONS

FOREIGN EXCHANGES

Dollar reaches new low again

THE DOLLAR touched a new low against the D-Mark for the second day running as dealers were unprepared to support the US currency. However, the trend was one of disinterest rather than dislike and the foreign exchange markets were relatively quiet yesterday, urites Peter John.

Meanwhile, the pound firmed slightly against the D-Mark, with some support being seen as it languished near to its ERM fluor.

The US currency opened mildly better, but dealers said there was no reason to buy it in spite of its relative cheapness and it continued to drift towards new lows against the D-Mark in early European trade.

Disappointing news from the Commerce Department on new US factory orders, shipments and unfilled orders in July had little effect. The July data had already been superseded on Tuesday by the more signifi-cant August figures from the

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STERLING INDEX

CURRENCY MOVEMENTS

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FT LONDON INTERBANK FIXING

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US National Association of Purchasing Managers. These suggested that the US economy is likely to remain weak in the run-up to the Presidential election in November.

Mr Michael Feeny, a market analyst at Sumitomo Bank in London, said: "If anything, the economic data from the US is weaker yet again this week. Just because they are cheap dollars."

Traders said customer busiequilibriur positions any chang the French Maastricht "window mongering

don against the pound (com-pared with \$2,002 in New York the previous night) and Y122.90 against the Japanese currency. after Y122.85 the previous day. In New York last night the dollar improved to DM1.3942

and the pound ended at \$1.9993. Dealers said there were no reports of intervention from the central banks in the wake of the concerted intervention

Sterling paused for breath, with most dealers taking stock

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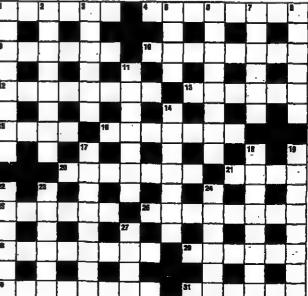
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161.5% 31,920 BASE LENDING RATES Opens Popular Bk ... Dao Hesg Bank Pic .. Midland Bank ... Mount Banking . Nat Westminster Duncas Laurie Equatorial Back plc... Essue Dunk Cimites Northern Bask Ltd Nytrolit Mortgage Bask Provincial Bank PLC.... Set of Barola Bank of Barola Bank of Dyres Bank of beland Bank of beland Bank of beland Bank of Second 165 Robert Fleeting & Co. ... Robert Frace: & Phus. ... Girokant: Galaness Mahan Habib Bank AG Zerich thibank pk. United Bit of Konsalt. Unity Trust Bask Pk. Western Trust. Whitesmay Laidlan Hamoshire Trust Pic Broom Stringer CL Bask Nederland Chibash NA City Merchans Ganh Chysicolate Bank C. Hoare & Co. Hongkoog & Skangka Julias Hodge Bank Yertskire Bank 10 Measters of British Merchant Banking & Securities Houses Association.

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JOTTER PAD

CROSSWORD No.7,941 Set by VIXEN



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7 Discovers there's not much

8 Deny an adjudicator employ

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11 The little Greek behind
Edward did hard labour (7)

14 Few cut a trainee (7)

17 No 1 ac, could possibly make

(6)
24 Where to go to shoot duck? (6)
27 Fine powder supplied in metal cans (4).

Solution to Puzzle No.7,840

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4 1 ac. gets little rest maybe (8)
9 Entranced by golden bird (6)
10 Offering a suggestion to the personnel officer (8) 12 Strippers – they save their money (8)
13 Demonstration of affection

scares models (6)
15 Sent back fit for discharge (4)
16 A shady character's misdemeanour? (7)
20 The businessman coloured such signs (8)

18 Getting one's outfit into better shape is imperative (8)

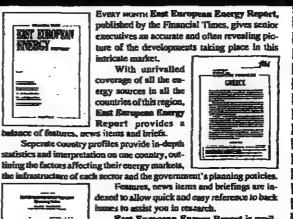
19 Seeing a company rowing about agreement (8)

22 A law-breaker, sanctimonious in manner (8) when stuck (7)
21 Combat wear (4)
22 A law-breaker, sanctimonious in manner (6)
23 Put bun-mix on tip and relax
23 Robe specially fitted on a king

(6)
26 Running water In road vehicles for making drinks (8)
28 Standard names incorrectly used for cheese (8)
29 Many a combine is venture-

30 A wild plant that's quite with-out equal (8) 31 Direction should be looked for DOWN

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East European Energy Report is avail-able only on subscription from the Financial Times, so telephone L uise Alsop today for your FLEE sample copy: **(7)**071-240 9391 attack your business cand and post or fax to: Louise Alsop

Flouncial Times Newsdetters Tower House, Southampion Street London WC28 7HA VAX: 071-240 7946 FINANCIALTIMES

MONEY MARKETS

Futures squeezed

yesterday. Traders who had been persistent sellers of futures contracts in the expectation of higher UK base rates were caught out by glimmers of returning confidence, triggered by the ½ pfennig strengthening of the pound against the D-Mark to DM2.7875.

Meanwhile, in the cash market the Bank of England's large offer of assistance was

UK clearing bank base leading rate 10 per cent from May 5, 1992

coolly received as easier interbank rates, especially short-term rates, discouraged the clearing banks.

the clearing banks.

Sterling futures saw unusually high turnover yesterday, with December trading more than 30,000 contracts by the official close. The squeeze began around midday with the publication of a position and indicate the second process. opinion polls indicating the possibility of a "Yes" vote in the September 20 French

referendum on Maastricht. There was a rush to buy short sterling, and the December contract leapt from 89.16 to 89.46, an abnormally wide spread of 30 basis points. That indicates slightly lower

A BEAR trap was sprung in expectations that base rates, the sterling futures market now 10 per cent, will rise in the now 10 per cent, will rise in the near future. The key three-month interbank rate, a good guide to market thinking about the direction of base rates, eased from about 10% per cent to 10% per cent. The one-year rate also dipped slightly, from about 104 per cent to around 10% per cent. The September contract.

which expires before the French Maastricht vote, was also heavily traded and moved up 18 basis points to 89.45. Earlier in the day, the Bank of England forecast a shortage of £950m, later revised to £1bn. This was far higher than

expected. However, most banks were unprepared to take up the shortage and only £565m was provided, much of it in late assistance. Initially, the Bank bought £56m in Band 3 bills at 9% per cent and £24m of Band 4 bills at 9% per cent. In the afternoon the Bank purchased £130m of Band 1 bills at 9% per cent. Finally it provided late assistance of around £375m. One dealer said the Bank's help on Tuesday had taken the market comfortably into

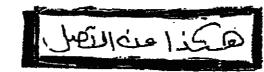
surplus. As a result, aggressive trading yesterday morning brought the overnight rate down and left the rates offered by the Bank of England

G1.00 a.m. Sep 2 :					US Dellars	
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he Riving rates are the art noted to the market by the ant, Bask of Toligh, De	Smartic means r re reference base alache Bank, Bo	maded to the r to at 11 00 a seeper Mathemat	rearest overship re reach workly de Pairle and	icents, of the h op day. The har Morgan Gaar	of and offered des are Hadion andy Trust.	ritin by \$10m of Westerbister
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FINANCIAL TIMES THURSDAY SEPTEMBER 3 1992	WORLD STO	CK MARKETS
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Brussels	+32 2	5132816	5110472	New York	+1 212	7524500	3082397
Copenhagen	+45 33	134441	935335	Paris	+33 1	42970623	42970629
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Helsinki	+3580	7304000	730705	Vienna	+43 1	5053184	5053176
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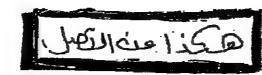
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survey on 16 670 971 0.26 22 40 72% 0.26 14 20 92 12 137 1392 4 25 1612 0.06 17 26 674 1.68 11 24 136% 1.05 15 172 13% 0.26 18 208 25 2 9½ 12½ 19½ 19¼ 10¾ 10¾ 10¾ 24½ November 12 1992, 9½ 12¼ 16½ 16½ 35¾ 13½ 24½ Textiles are one of the most heavily traded goods in the world. To discover what the FT is planning for this survey and how to reach our international audience of If you work in the business centres of Baar, Basel, Berne, Biel, Fribourg and the coastal towns and villages of decision makers, finan-Lac Leman from Geneva to Villeneuve, Lausanne, Lugano, Luzera, Neuchatel, St Gallen, Zug, Winterthur, 13 31 1914 844 19 128 914 646 11 128 914 0 30 15 90 2214 1 0 72 25 254 3114 0 11 5 27 12 0 75 14 488 3514 9 9 9 9 6 3344 614 24 527 14 25 27 514 - D -ciers and government Zurich and the towns and villages around Zurichsee, we will deliver your daily copy of the FT to your office at administrators contact no extra cost. Call Peter Lancaster or Denise Morel for details on Geneva (022) 7311604 Ruth Pincombe Tel: 061-834 9381 Fax. 061-832 9248 +4 Alexandra House, Queen Street. FINANCIAL TIMES Manchester M2 5LF

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Late burst of buying gives Dow sharp boost

AFTER trading quietly in a narrow range for most of the day. US stock markets posted sharp gains on a burst of late buying yesterday, writes Patrick Harverson in New York.
At the close the Dow Jones Industrial Average was up 34.05 at 3,290.31, its high for the day. The Standard & Poor's 500 gained 1.92 at 417.99, while the American SE composite improved 1.29 to 382.73 and the Nasdaq composite rose 5.64 to 571.25. Turnover on the New York SE came to 188m shares. Investors were keeping a wary eye on the dollar, which showed a mild improvement against the D-Mark in New York trading yesterday. The fact that the dollar has roughly held its own over the past few days has helped equity senti-ment, but the market remains concerned that the US curren-

cy's weakness leaves little

room for the Federal Reserve

The day's only economic

news was a 1.1 per cent decline

to cut interest rates again.

in July factory orders, accounted for mostly by a fall sequently, the data had little effect on share prices, which remained trapped in a narrow trading range until late after-noon, when demand picked up.

The late rush of buying was believed to be investors anticipating gains in the market that traditionally occur in the few days before the Labor Day weekend holiday. Investors were also thought to have been encouraged by the market's ability to hold its current levels in spite of continued bad news on the economy. General Motors shed \$% in

early trading as industrial strife escalated at its Lordstown metal stamping plant in Ohio, causing further disruptions at numerous plants across the country. GM stopped production at two more assembly plants on Tuesday, bringing the total of idle factories to six. The stock recovered later, however, to finish just \$\% off at \$34\%. CBS climbed \$2% to \$200 on reports that broking house

Amgen \$1/2 at \$65.

TORONTO stocks recovered from what looked like another slow summer session to turn in a strong performance for the day on the back of Wall

Smith Barney had raised its

rating on the media group to

Rollins Environmental Ser-

vices put on \$% to \$11% in

active trading as investors

responded to a buy recommen-

dation from investment bank Kidder Peabody. The stock had

fallen after Hurricane Andrew

hit Florida and Louisiana,

causing the company to tempo-

rarily close two of its hazard-

ous waste incineration facili-

ties, but analysts at Kidder

believe the decline creates a

Apple adding \$2 at \$48% and

good buying opportunity. On the Nasdaq market, leading stocks were all firmer, with

from "hold".

Street's rise. The TSE 300 index gained 29.1 at 3,436.7 and rises led falls by 344 to 223 after volume of 84.3m shares.

Hopes of 'Yes' to Maastricht lift Paris

CAUTIOUS optimism that the French will back Maastricht lifted late-closing bourses, writes Our Markets Staff.

PARIS staged a turnround to end 2.2 per cent higher, boosted by a show of unity by leading politicians in favour of the Maastricht treaty and some opinion polls predicting a majority of "Yes" votes in the referendum. The CAC-40 index finished 37.18 ahead at 1,711.41, off a low of 1.659.84, in

improved turnover of FFr2bn. Euro Disney jumped FFr5 or 6.9 per cent to FFr77 on talk that the theme park was about to announce good attendance figures and high occupancy rates at its hotels. The market responded well to the appointment of Mr Philippe Bourguignon as president reporting directly to Euro Disney's chairman, Mr Robert Fitzpatrick.

Total dropped FFr12.20, or 5.9 per cent, to FFr195.10 as anaysts cut their 1992 forecasts following the oil refiner's poor interim results. James Capel lowered its 1992 net profits esti-mate to FFr3.8bn from FFr4.5bn. Investors wanting to keep a weighting in oils switched into the higheryielding Elf Aquitaine, which

SHARE prices lost further

ground yesterday as profit-

taking continued after the mar-

ket's two-week rally, agencies

The Nikkei average closed

152.34 easier at 17,587.72, after

profit-taking on one hand and

buying by dealers and individ-

uals on the other limited the

day's high and low to 17,888.38

420m shares, down from 550.8m. Declines lad advances

by 824 to 199, with 92 issues

unchanged, and the Topix index of all first section stocks

slipped 21.22 to 1,349.05. In Lon-

don the ISE/Nikkei 50 index

Japanese institutional inves-

tors stayed on the sidelines.

Although Mr Tsutomu Hata,

the finance minister, said late

on Tuesday that the economy

should begin to recover before

doubt that corporate earnings

Furthermore, continued pres-

sure on institutions from the

Finance Ministry to refrain

from heavy selling of equities was not inspiring confidence in

Trading remained dominated

by incentive-backed shares,

with dealers and individuals

buying Aids-related issues and

Isuzu Motors, the latter follow-

ing a report that the auto

maker had succeeded in devel-

oping a highly efficient

Isuzu climbed Y80, or 28 per cent, to Y370. Other motor

manufacturers were mostly lower amid signs that Japanese auto sales continued to decline

will pick up until next year.

shed 4.25 to 1.072.31.

Volume was estimated at

and 17,477.92 respectively.

report from Tokuo.

Tokyo

referendum on Maastricht, but moved forward FFr7 to FFr330. Oversold financial stocks also the prospect of further austerity measures by the govjumped on hopes that the Maastricht treaty would be rat-

Day's Low 1000.21

FFr232 while Bancaire added FFr13.50 at FFr293. There was unusually high volume of 48.575 shares in Per-Italmobiliare, which was nod, the drinks company, which rose FFr11.90 to

FT-SE Eurotrack 100 - Sep 2

Open 10.30am 11 am 12 pm 1 pm 2 pm 3 pm close 1001.41 1001.64 1003.59 1004.57 1006.66 1010.20 1010.38 1011.19

Aug 27 1017.14

Day's High 1011.30

speculation.
MILAN weakened further on renewed foreign selling. The Comit index fell 9.65, or 2.5 per cent to 375.34, its lowest level since September 1985, in turnover estimated at £100bn after

ified. Suez advanced FFY7.60 to

FFr406.80 on renewed takeover

L59.8bn on Tuesday. Dealers saw no way out of the crisis, which stemmed from a lack of confidence in the country and in the lira. Not only was there uncertainty

over the outcome of the French

Fiat fixed L142 lower at L3,800 while Generali shed L730 to L25,020. Mediobanca was settled at L9.530, down

temporarily suspended due to a trade imbalance on the sell side, dropped L3,590 or 10.2 per FRANKFURT dropped again

in the official session, the DAX losing 12.03, or 0.8 per cent to 1,506.67. But in spite of the continuing fall in the dollar, widely blamed for the drops in exporters, there has been a technical aspect to the recent

The market rose by 1.7 per cent on Monday on panic short-covering by profession-

equity dealing head at Bank Julius Bär in Frankfurt. The dollar then fell below DM1.40 on Tuesday, driving dealers to cover long equity positions,

which carried on yesterday. However, Mr Benischeck noted that share prices improved in the post bourse yesterday, and by the end they showed little change from Tuesday afternoon.

ZURICH, described by Kleinwort Benson's Mr Anthony Thomas as "simply....the most defensive in Europe' paid its way with the SMI index 10.4 higher at 1.757.85. Swissair put on SFr24 to SFr584 after Tuesday's encouraging progress report, and Surveillance rose SFr35 to SFr1.410 on the belief that Hurricane Andrew would boost its loss

djustment business MADRID was lifted by sharp advances in hanks, where both domestic and foreign investors showed buying interest in BBV. Santander and Central Hispano. The general index rose 3.45 to 209.82, and volume was healthy at over Pta10bn compared to an average of Pta5bn during most of August.

OSLO's all-share index

cents, before ending 3 cents off

at 85 cents. Carter Holt lost 6

cents to NZ\$2.58 on indications

that a strike at its four forest

SINGAPORE declined in

sluggish trading, the Straits Times Industrial index shed-ding 10.32 to 1,365.14 in volume

of 24.3m shares, against 28.1m.

Property issues lost some

ground as investors reacted to

reports that the government.

had raised development charges for residential plots by

between 8 and 40 per cent. City

Development fell 14 cents to

S\$3.40 and Hotel Properties 2

products mills will drag on.

touched 303 in early trading

Elkem plunged on specula-tion that it was heading for collapse, the free shares falling

25 per cent to NKran. STOCKHOLM extended its ssion by half an hour after a power cut halted trading 15 minutes before the close. The Affarsvariden General index fell 5.2 to 746.4 in turnover of

SKr458m after SKr342m. COPENHAGEN continued to worry about its place in Europe, the KFX index losing a further 1.61, or 2.1 per cent to a new low of 73.27. East Asiatic continued to weaken on last week's swing from profit to a six-month loss, dropping DKr9.50 to DKr63.50.

AMSTERDAM ended broadly on worries about the softening of the dollar and weak corpo rate earnings. The CBS Ten-dency index fell 0.6 to 108.5. The light machinery manu-

facturer, Stork, dropped Fl 5.90 to FI 29.30 after appropring a 17 per cent decline in first-half net after the close on Tuesday. BRUSSELS's Bei-20 Index fell 3.99 to 1,046.07, a new low since the index was introduced in

Bombay makes tentative recovery from scandal

Government economic measures could help Indian share prices to rise further, writes R.C. Murthy

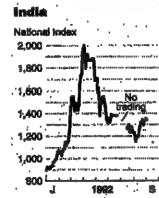
ndian bourses, enjoying months, are awaiting measures from the P.V. Narasimha Reo administration which. they hope, will stimulate the economy and boost equity values that have languished since a securities scandal broke

early in May New Delhi plans to make the rupee fully convertible, lower interest rates if prices continue to drop, reisz controls on the pharmaceutical industry, and announce contracts with international oil companies for oil exploration and production. Most of these decisions are

expected to be in place before Dr Manmohan Singh, the finance minister, reviews India's programmes with the International Monetary Fund in Washington in three weeks' The 30-share index of the

Bombay Stock Exchange (BSE), India's largest with twothirds of national trading, is looking back at a slump which took it as low as 2,539 in early August, down 1,938 points, or 43 per cent, from a peak of 1.467 in mid-April, prompted by the seizure of assets of Mr Harshad Mehta and other brokers implicated in the Rs35bn (\$1.25hn) securities scandal. After hitting a six-month low

on August 6, share prices have rebounded since then, partly in response to government decontrol of chemical fertiliser prices and as bear operators covered



their positions. Gujarat State Fertilisers have gained Rs60 to Rs340 and Zuarl Agro Chem are Rs90 better at Rs390.

Turnover, which had contracted from Rs3bn a day seen in April to less than Rs400m four months later, recovered to Rs1.72bn by last weekend as institutions and mutual funds bought at lower levels.

The market appears to have found its level, for now. Share values moved in a narrow range last week and the 30share index, at 3,031 last Prias a week earlier. Yesterday the index closed at 3,040.57, down 29.92.

Mr M.R. Mayya, executive director of the BSE, says the market is healthier now. Selling pressure has eased and the authorities have removed all restrictions on sales. But individual investors have yet to return in force, deterred by the forthcoming rush of rights issues, following the scrapping of capital issues control last

Some Rs50bn worth of rights issues are scheduled over the next two months. Analysts say, however, that strong fundamentals and the government measures should lift share prices further over the next monsoon rains have been evenly spread throughout the country, improving crop

prospects. The question is whether police and income tax authority raids on brokers and finance companies associated with the securities scandal will hamper the market's recovery. A parliamentary committee was set up two weeks ago to inquire into the scandal and the police and income tax authorities may have to co-ordinate with it in the future.

lends to smaller companies. was another bright spot following reports that Sanwa Bank was likely to lower the interest charges on its outstanding loans to the financially strapped company. Nichiboshin rose Y80, or 23 per cent,

Aids-related shares attracted heavy interest. Meiji Milk advanced Y20 to Y1,130 on 21.87m shares traded, 5.2 per cent of the day's total volume.

Roundup

THE Pacific Basin region was

mostly lower yesterday. HONG KONG was an exception, the Hang Seng index fin-ishing 22.88 higher at 5,734.45. Retail investors maintained some momentum in the afternoon in the absence of European buying. Volume totalled HK\$2.65bn, near Tuesday's Interest continued to focus

Nikkei falls again as profit-taking continues

on blue chips, with HSBC Holdings leading the actives list. It closed 50 cents off at HK\$56, after touching HK\$57. AUSTRALIA weakened on oncern about earnings and on

steady offshore selling. The All

Ordinaries index ended 13.5 down at 1,528.5 in turnover of A\$210.1m. Diversified miner CRA tumbled 40 cents to A\$12.24 after posting a 6.6 per cent fall in

net profits. Transport group TNT dipped 3 cents to A\$1.24 after its A\$1.95.4m loss. NEW ZEALAND was dragged down by selling pressure on the leaders, particularly Brierley Investments. The NZSE-40

cents to S\$1.68. KUALA LUMPUR closed softer after initial steadiness failed to prompt follow-through buying. The composite index index fell 13.58 to 1,470.30 in was off 0.58 at 572.82. volume of just NZ\$14.3m. Brierley hit its low for the year, 84

SEOUL finished higher as a late-afternoon buying spree in large-capitalisation shares out-weighed earlier profit-taking. The index, off 7.82 in the early afternoon, ended 4.14 ahead at 562.74 in turnover of Won462.5bn (Won639.6bn).

BANGKOK was lifted Thai Airways, one of the biggest stocks on the market which rose by its 10 per cent limit, Bt5, to Bt58. The SET index put on 8.89 to 762.42 in

TAIWAN was pulled lower by late profit-taking, the weighted index closing 26.84 down at 8.933.61. Turnover was

MANILA rebounded on thoughts that the peso's climb was slowing. The composite index gained 25.43 at 1,392.34 in combined turnover of 181.84m pesos, after 163.36m. PLDT rose 35 pesos to 940.

NZSE market value rises 66%

THE MARKET capitalisation of companies listed on the New Zealand Stock Exchange Jumped 66 per cent to NZ\$28.89bn (\$16.1bn) in the year to June 30, the highest level since the 1987 stock market crash, writes Terry Hall in

In his annual report, Mr David Wale, the stock exchange chairman, said the rise was fuelled by price movements, new listings and capital raisings worth NZ\$4.88bn, compared with NZ\$1.75bn in 1990-91.

Mr Wale added that declining interest rates, a lower New Zealand dollar and an improved

Japan (473).... Malaysia (69).... Mesuco (18).... Netherland (25)....

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domestic environment renewed interest in equities, especially in smaller companies. Larger groups, however, had been affected by their international involvements.

Listings fell by 10 per cent to 140 - compared with 280 in 1987 - and the listed overseas companies dropped by 22 per cent to 58. Two more companies were delisted yesterday: Bridgecorp, a former mining company that unsuccessfully tried to run a chain of toy shops, and General Properties, placed in receivership last month after being run by a group of banks

whom it owes NZ\$11m.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

sharply from year-ago levels. Nichiboshin, a non-bank financial institution which

ceramic engine.

SOUTH AFRICA

EXPECTATIONS that the finance minister will announce an economic package helped to underpin shares. The overall index rose 6 to 3,165 and industrials added 4 to 4,078. Gold fell 14 to 940.

DOLLAR INDEX

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DISTRIBUTION SERVICES

SECTION III

Thursday September 3 1992

Distribution services are becoming more sophisticated as the demand intensifies for increased reliability and maximum cost savings. Phillip Hastings looks at an industry facing the challenge of new safety legislation and greater use of information technology

Efficiency and quality rule

THE RECESSION and siderable difference between increased competitive prestite impact on small companies sures - are combining with and on large organisations of cated information technology trial manufacturing sector, systems to make industry's dis-tribution operations more efficient and cost-effective.

In Europe the trend is being re-inforced by the rapid approach of the European Community Single Market. A number of companies have siready moved to set up pan-European distribution net-works - admittedly not slways with the success that had been hoped for - and others are considering similar with previous surveys and moves. At the same time, the international and domestic UK distribution sectors are both focusing on quality, with more and more service operators seeking to achieve recognised standards such as BS 5750 or

ISO 9002. -The continuing drive for greater efficiency is highighted in a survey by the UK Institute of Logistics & Distri-bution Management of more than 480 companies across a broad spectrum of UK industry and commerce. This showed that distribution costs as a per-centage of companies overall turnover fell from just under 5.2 per cent in 1990/91 to 4.7 per cent in 1991/92. That compares with 8.5 per cent in the mid-1980s and 17 per cent at the

However, there is still a con-

USSIA

small companies with an than £50m report that on average, distribution costs amount to nearly 16 per cent of turn-

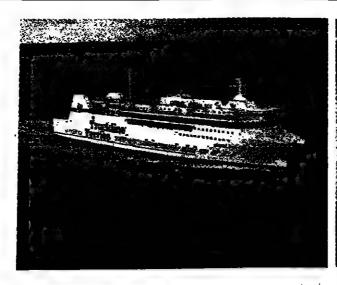
For medium-size companies with a turnover of £50m to £300m the figure is a little more than 5 per cent and for large companies, just under 4 per cent.

"These results are consistent indicate significant economies of scale for many larger operators," adds the ILDM.

However, the continuing overall improvement in distribution service efficiency has not been enough to quell discontent among-some distribution service users.

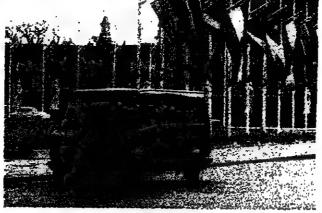
There is particular dissetts faction over the efficiency of distribution operations run by third party contractors, particularly in the retail sector. Other reports have found that compenies with in-house distribution services are also exper-lencing problems in achieving desired efficiency levels.

Companies using third party contractors cite lack of understanding of their business by service providers, poor standards of management and excessive teething problems in









continue.

There is also an increasing

emphasis on safety and this is

particularly evident in the spe-cialised field of temperature-controlled distribution. Contin-

ued tightening of legislation on

food safety has forced opera-

tors to invest in more staff

Overshadowing domestic UK issues, though, is the coming

of the EC Single Market and its

training and new equipment.

the early stages of a contract as their main difficulties.

Organisations running in-house diagribution activities mention inefficiency in the use of vehicles and facilities as weak links. Running their own distribution operations uses financial and human resources which could be better amployed in other areas.

Partly in an attempt to resolve these problems, there has been a move towards achleving recognised quality stan-

While distribution companies admit that gaining BS 5750 or similar accreditation does not ensure customer needs will be fully met, they argue that a standard is likely in future to

be seen as a starting point, a besic criterion which will have to be met.
Distribution service provid-

ers which do not meet that criterion, consultants suggest, will find it increasingly difficult to receive invitations to tender for new business. Ravironmental Issues such

as traffic congestion and pollution are also becoming significant factors in distribution service activities. London's "Red Routes" scheme, for example, bans parking on certain roads to try to ensure a free flow of

Other restrictions on the movement of traffic are also complicating distribution activ-

The UK's Freight Transport controversy over maximum Association highlights recent truck weights in the UK. Meanproposals to put a total ban on while, efforts to improve the lorries in the Slade Green area fuel efficiency of commercial of Bexley, Kent, at night and at vehicles and to cut emissions

weakends. The ban would prevent lorries collecting or delivering goods, with no movements to or from premises, between 9pm and 6am, Monday to Friday, and from 1pm Saturday to 6am

The FTA claims that companies situated on some busy industrial estates in the area could face complete closure or relocation if the ban is intro-

likely impact on distribution Other environmental leaves activities. At present, few disaffecting the distribution industry include a continuing tribution service providers offer full pan-European cover-

more companies forced to rethink their expansion plans or even pull out. The most significant instance of this was the withdrawal of giant US parcels company Federal Express from European regional and domestic delivery because of continuing heavy A number of UK distribution

age, and the past two or three

companies have also run into problems with their expansion on the Continent and even the more successful ones such as Exel Logistics, Transport Development Group and McGregor Cory have tended to move fairly cautiously. There are definite signs,

however, of renewed interest in the development of European services. In June, for instance, the UK-based Hays group announced it had bought French distribution company Groupe FRIL for £37.5m. According to Mr Ronnie Frost, Hays' chairman and chief executive, the group has for several years been searching for a significant company to expand its presence in Europe.

More recently, Mayne Nick-less group UK domestic parcels carrier Parceline announced It was moving into Continental Europe using a networking operation and an international forwarding company,

We are not about to put at risk the improving profitability of Parceline by taking on heavy costs from day one. We are getting into Europe with minimum investment and risk, with variable costs rather than fixed costs," Mr Colin Millbanks, Parceline chief executive says.

Another stimulus for UK distribution industry interest in Continental European business is the construction of the Channel Tunnel and its associated freight links. Together with European Commission efforts to speed up the development of railfreight and combined road/rail transport services, the Tunnel is pushing rail transport much more firmly into the general distri-

bution industry spotlight. Still to be answered, though, is the question of whether railfreight and combined rail/road

■ On track to speed up the rall network in Europe; UK retailers are rethinking their policies

■ Airfreight flies in the face of competition; infor-mation technology moves up the table of priorities

■ Competition in the UK domestic parcels sector Intensifies as US glant wrans un takeover: Environmental pressures grow as congestion on the

■ Manutacturers and retailers are increasingly demanding that suppliers achieve recognised quality standards; Operators keep their cool as a safety scare leads to tighter laws on temperature controls

Drive for greater efficiency in European comcanies: Japanese are a hidden force ready for

Page (

transport will be viable for a wide range of goods in addition traffics. Crucial factors will include the development of efficient transhipment operations and good consignment control

in fact, good information technology systems, increasingly including EDI (Electronic Data Interchange), are already playing a critical role in gen-

And research carried out by consultants Touche Ross for the ILDM shows that improvement of such systems is now the number one target for tribution industry executives.



opportunity to reach 330 million poten-Continental Europe.

unique service which brings together

And when the Channel Tunnel opens in the last quarter of 1993, the UK will be directly connected to a powerful European-wide railway network. By far

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Moving freight into the future

On track to speed up network

EUROPEAN transport ministers will next month be urged to agree urgent financial backing for a proposed new Ecu2bn (\$2.7bn) strategy to save the Community's combined transport plans from

The proposals will for the first time also seek to include intra-Community maritime cial treatment under combined transport regulations.

The 10-year support plan for dedicated track, terminals, rolling stock and unit load devices is being put forward at a time when combined transport activity is slowing down and road congestion escalating. But in spite of the urgency of

the situation, some countries, notably the UK, are doing little to encourage the development of combined transport systems. Combined transport traffic

growth in Europe in 1991 has slipped from 20 per cent annually to 5 per cent. A T Kearney, the management consultants whose report for the European Commission in 1987 predicted combined transport traffic would triple by 2005, has now extended the time scale by five

Rudy Colle, director-general Combined Road-Rail Transport Companies (UIRR), explained that the decline in 1991 volumes resulted from a drop in national traffic caused by increased competition from road hauliars

The UIRR's 12 member companies were set up by the rail-ways with hauliers as shareholders so as to dispel hauliers' fears over the railways' conflicts of interest

But many other hauliers and distribution contractors are not committing themselves fully to the system. They fear the raliway companies cannot provide a reliable service.

Transport Commissioner Karel van Miert will tell the Transport Council ministers that the economic and social gains of the Commission's plan fer outweigh the costs.

Commission officials calculate that a Community-wide

Hays means

cost-effective

distribution.

the skills

dedicated

people.

state-of-the-art

technology and

and experience

of professional

In short, Hays

means business.

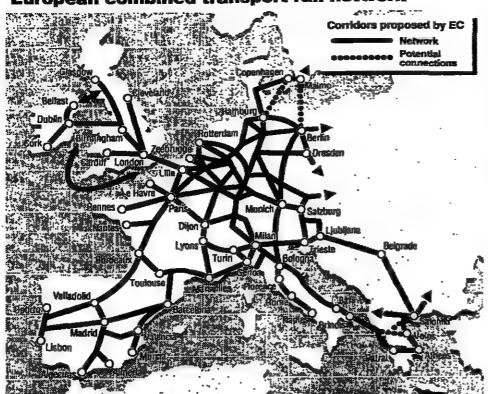
Hays Distribution Services Ltd.

Peter Covington on 0252-25321

To get things moving call

Distribution by

European combined transport rail network



combined transport rail network will cost Ecn1.4bn over 10 years. Terminals and equipment will cost Ecu600m.

It is hoped that up to twothirds of the cost will be funded by the operators and the remainder by national governments and the Commiss Ministers will be told combined transport operators cannot themselves finance the

investment required for the rail and terminal network. The margins that they are forced to operate on to remain competitive with bauliers are too slender to afford the heavy invest-This is due to deep price-cut-

ting in the liberalised road transport market and the difference in hidden costs between road and rail, where road hauliers get their infrastructure free and escape the costs of the environmental

Mr Van Miert will argue that for combined transport to be effective, it is essential to develop a community-wide network and not rely, as at present, on isolated lines.

The plan will concentrate on the most productive lines first. These are in Germany, Italy and France.

Eventually the network will stratch from Scotland and Ireland, to the Iberian Peninsula and across to Greece and the borders of eastern Europe.

To encourage new private operators, the ministers will be asked to agree to pilot projects simed at establishing ground rules on how small road hauiiers get access to terminals and the conditions for market entry. The projects will involve inland waterway and short-sea container operations.

The Competition Directorate.

draft a derogation from competition rules. The special nature

of combined transport entails

operators of different modes to

enter agreements with each

other that could be interpreted

as being against the Treaty of Rome's competition rules. But there is still widespread scepticism over the railway's commercial role in combined

A new intermodal company Allied-Continental Intermodal (ACD is being launched in the UK today by intercontainer, the European Railways' inte modal company, SNCF and Railfreight Distribution (RD) to compete directly with the newly-formed UIRR associate, Combined Transport Ltd (CTL). This is causing concern in the UK Industry.

ACI is owned by the railways whereas CTL is 36 per cent owned by private hauliers and forwarders. But a spokesman at RfD insisted that CTL has nothing to fear and will receive service quality equal to that given to the new company

To encourage combined transport the Commission has agreed derogations which allow governments to give dis-counts on vehicle excise duties and permit gross lorry weights of 44 tonnes for vehicles in

combined transport.

The Belgian, German,
French and Italian governments allow one or both of the derogations. The UK govern-ment allows neither, preferring to stick with its 38-tonne gross lorry weight limit until 1999. The 32.52 tonnes restriction on drawbar sets will be raised to

35 tonnes next year. Because this makes British operations less competitive mainland, UK firms are reluctant to invest in combined transport equipment. The UK has fewer than 2,000 swap bodles, the most popular intermodal system, compared to more than 100,000 on the mainland.

The Rail Users Group, the and the Road Haulage Association continue to urge the government to adopt a more help-

UK-based Grand Transport Systems, a leading European supplier of intermodal equip-ment for combined transport, makes little effort to market its products in the UK because of delays and uncertainty over the provision of combined transport infrastructures on the British side of the Tunnel.

RfD managing director Ian Brown says he now has government approval to spend 50m to increase the clearance height to European loading gauge standards of tunnels and bridges on the Channel Tunnel routes. It will allow his new fleet of medium deck height wagons to carry 9ft high con-

Michael Terry

UK retailers are rethinking their policies, writes Phillip Hastings

Mixed pattern of change

RECESSION, tougher competition and greater avail-ability of information technology systems are encouraging UK retailers to rethink their distribution policies. But the pattern of actual change is

Some retailers are veering away from contracting out more distribution activities to third party specialists and operations back in-house. Helping to encourage that change is the continuing development of information technology (IT) systems which can give retailers tight control over areas of distribution activity where they also now have plenty of practical experience.

Other retailers, though, are heading in the opposite direc-tion and seeking to establish even closer and wider-ranging partnerships with their distribution service providers.

That mixed picture is confirmed by the Research Services Department of the Institute of Grocery Distribution in a study which focused specifically on the involvement of third party specialists in the centralised distribution operations of leading multiple According to IGD research

carried out during 1991, third party penetration of that sector ranged from 35-45 per cent for ASDA, J Sainsbury and Tesco and 60-65 per cent for CRS. Gateway and Safeway, to 85-95 per cent for iceland, Kwik Save and CWS, and 100 per cent for Wm Low and Grandways.

Mr John Galloway, logistics director for ASDA Stores, told the recent UK Institute of Logistics & Distribution Management (ILDM) annual conference why his organisation had opted to use a mix of contractors and self-managed distribution operations to service its

"It allows us to understand the difference between logistics professionals whose aim is to renerate a profit and people like ourselves to whom logistics is a cost centre within the overall business," he said. During the 1980s there was

in fact a pronounced general move among retailers towards contracting out more of their distribution operations, a trend confirmed in the 1991/92 Survey of Distribution Costs just ublished by the ILDM. In the consumer goods (CG)

retail sector, for example, the ILDM survey found that around 70 per cent of transport expenditure went on third party dedicated or shared user services and 30 per cent on in-house operations.

For the food, drink and tobacco (FD&T) retail sector, the figures were around 48 per cent and 52 per cent respectively.

But the picture is changing

again, says the ILDM. "Interestingly, when compared to last year, transport has shifted away from third party, both shared and dedicated, to own account operations," comments the ILDM

The same survey also found that own-account operations continue to dominate the storage side of distribution activi-

There, 85-90 per cent of expenditure by the CG and FD&T retail sectors went on in-house operations.

A report published this year

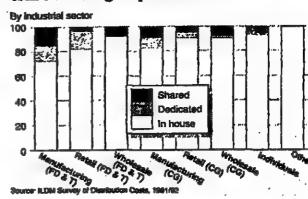
by management consultants Price Waterhouse confirms those trends. According to a survey of "Competitive Trends in Retail Logistics", undertaken with the help of the Cambridge Centre for Competitive Logistics Research, "while to be adequate to meet competitive requirements over the next two years, 80 per cent of retailers felt that third party warehouse and stock manage-ment performance was inade-

Other industry surveys and consultants' reports have suggested that there is, or at dissatisfaction among some retailers over the efficiency of distribution operations run by third party contractors.

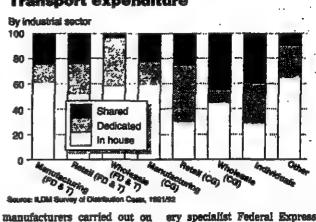
But a study of retailers and



Warehousing expenditure



Transport expenditure



Systemcare to deliver all

orders for Stag Meredew prod-

ucts placed through the Alid-

Retailer demand for fast sup-

ply of products, often at short notice, is also leading to an

increased role in that market

ers Department Stores group.

manufacturers carried out on behalf of third party contractor Applied Distribution Limited (ADL) claimed such dissatisfaction has been just as apparent among companies running their own distribution set-ups.

"The main problem for ownaccount operators was inefficiency, most frequently in vehicle utilisation but also in picking and loading rates, commented ADL. "Those using third parties identified two major areas of concern. These were a lack of "professionalism" and understanding of the client's business, and severe teething problems with newly-established contracts."

Adding to the dissatisfaction of some companies using third party operators, suggests Mr tics industry consultants Davies & Robson, have been the terms of their contracts. "For example, companies found their contractors expecting inflation-linked cost increases at a time when their own turnover is declining," he

Not surprisingly, third party distribution companies generally play down suggestions of any large-scale reversion to in-house distribution operations.

They blame much of that "speculation" on a delayed reaction to events in the 1980s when some distribution compa-nies took on contracts for which they did not have the

Mr John Harvey, chairman of contract distribution group Tibbett & Britten, says he rundown of in-house distribution operations. And he claims retail distribution is likely in future to be increasingly concentrated in the hands of a few large specialist contractors.

"When distribution contracts come up now, we usually only see a very selective list of companies invited even to tender," he says. Other trends becoming apparant in the retail sec-tor include new types of con-tract distribution arrange-

There are signs in the furni-ture sector, for instance, of more tripartite agreements. A

John Harvey: selective list of companies invited to lander

offering overnight delivery. The sort of operation involved is typified by the service parcels carrier Parceline provides for Entertainment UK, a Kingfisher group company which supplies CDs, cassettes, videos and computer games to Wosiworths and other major retail

groups.

Plexibility is all important, explains Mr Glyn Angel, Entertainment UK supplier manager. "When the demand for a new record release is exceptionally high, it is critical that shops are replenished very quickly. Parceline is able to provide us with extra trailers at short notice to collect and

distribute overnight." he says: Predictably, another development set to strongly influence industry distribution activity is the imminent advent of the European Community Single

That development is, for example, likely to increase cross-border distribution activities. And the need to develop pan-European networks could open up new opportunities for third party specialists.

"Controlling the supply larger task and if retallers wish to retain the economies of scale they have gained in the UK, it is likely we will see an increase in demand for the services of logistics specialists with European or global claims Mr Martyn Pellew, divisional sales and marketing director for Exal Logis

For a different perspective on you distribution needs, talk to on Mike Rowley

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DISTRIBUTION SERVICES 3

AIRFREIGHT

Flying in the face of competition

traditional international airfreight services would be overwhelmed by competition from new-style integrators offering. express movement of goods worldwide now appear wide of

Certainly, the long-established providers of airfreight . services - airlines and freight forwarders - have over the past decade lost much of their intra-European distribution business to specialist express delivery operators using their own air and truck networks. On the broader global scene though, the airlines and forwarders remain a significant force. Their well-established

hem to offer their customers, the shippers, a wider and often more flexible range of distribution possibilities than their Emphasising that point, Mr Klaus-Michael Kuehne, chairman-and chief executive of large Swiss-based forwarder Kuehne & Nagel AG, claims many international customers

need "more flexibility in their

day-to-day business than that

connections and varied capaci-

ty/routing options often enable



Peter White: Speedbird covers more than 70 routes

cated but rather inflexible air network (of an integrator)".

The global surfreight market can in fact now probably be broken down into three broad sectors - traditional air cargo,

special commodities and The last-named, express, is now dominated by integrators such as FedEx. TNT, United Parcel Service and DHL. Inter-national airline efforts to develop their own door-to-door express services, either alone or in conjunction with freight forwarders, have largely

Latest example of that involves Skyracer, an airlineowned door-to-door delivery company, which was recently shut down by principal share-holder Swissair, the Swiss airline, because of "disappointing revenues and limited prospects

Even that failure, though, has not deterred all airlines from trying to establish new air express operations. Next development in that context is likely to come from German airline Lufthansa which is planning to launch its own overnight freighter network in Europe next year using two full freighters and seven "quick-change" B737 aircraft which can carry passengers during the day and cargo at

But the main roles for most airlines as far as the International air express market is concerned now appear to lie in. acting as carriers for the inte-grators or as wholesalers. British Airways Cargo, for example, has over the past few years developed a strong on-board courier network under the name Speedbird Courier.

Currently, says Mr Peter White, managing director BA Cargo, Speedbird covers more than 70 international routes to and from the UK, with up to

"A timetable is published detailing all the flights on which a Speedbird Courier travels. Space is sold to both retail and wholesale courier companies. Support is received from both small and large retailers, including the big four (TNT, FedEx, UPS and DHL). and over time, retailers have discontinued their own couriers on routes operated by Speedbird Courier," he says.

Other airlines have decided to tackle the express market with an "if you cannot beat them, join them" approach. Most obvious example of that involves Lufthansa and Japan

ment by distribution industry executives. Fuelling that interest is the desire to reduce as far as possible the paperwork traditionally

IMPROVEMENT

information technology (IT)

systems is now the number

one target for future develop-

achieved a rating of 13 per

cent, ahead of strategy review (10 per cent), centralisation of

distribution (9 per cent), and

expansion of warehouse and

automation of warehouse (both

have been a shift from a short

term focus to longer term

issues such as IT and strategic

developments," comments the

ILDM survey, conducted in conjunction with Touche Ross.

Such thinking is confirmed

by leading individual distribu-

tion industry executives. Mr

John Galloway, logistics direc-tor of ASDA Stores, says the

high ground for the 1990s will

"Generally, there appears to

associated with distribution operations. But complicating the picture past couple of years each built is the fact that distribution up a 25 per cent stake in air companies often have to work express company DHL. Mr Rainer Butz, vice-presi-

dent cargo Europe for Lufthansa, admits the German airline's decision to buy into DHL followed the failure of carlier efforts by the carrier to break into the express market through joint ventures and co-operation with various major freight forwarders. He stresses, though, that the

involvement with DHL is an alliance almed at promoting co-operation rather than a merger or classic takeover. The co-operation currently covers over 100 synergy projects. The most impressive to date has been the development of a same-day service in Ger many where Lufthansa and DHL can combine their resources optimally," he adds.

Other examples of co-opera tion between potential rivals include instances where integrators are offering freight capacity to forwarders. Mos obvious example of that involves US-based integrator Federal Express which in addition to developing its own international air express services is also seeking to forge alliances with forwarders to create jointly-branded express and express cargo services.

The second major sector of international airfreight services involves special commodities such as perishable prod-ucts, live animals, project/ outsized cargoes and hazard-ous goods. That business looks set to remain largely in the hands of its traditional carriers, the airlines and forwarders, which have the experience and facilities necessary to handle them properly

The main future battleground between airlines/forwarders and the integrators is likely to involve the third sector of the airfreight market traditional air cargo. That encompasses the transportation of normal industrial and commercial shipments moving in parcel, container or pallet

The integrators are already making substantial inroads into that market, forcing the airline and forwarders to look hard at ways of improving their services, Mr Butz of Lufthansa picks out some of the key issues in that context.
"It will be increasingly nec

essary to improve product quality. Airfreight must not be allowed to become merely a commodity. It must maintain a clear, unmistakable performance profile. Product enbancement through improved information systems will be an integral part of this process," he says.
"Just as important as the

improvement in cost quality will be constant effort in the area of cost improvement Cost-cutting will have to be intensified. But the shipping community should not, how ever, anticipate services in 2000

Many airfreight shippers claim they would be prepared to pay more for better quality airfreight services from scheduled airlines. But, they argue they are often being asked to pay premium rates for less than premium services.

That point is made strongly by the chairman of the British Shippers' Council air transport committee, John Boyce. By monitoring airlines" performance, he says, shippers have been able to establish that some of the better airlines are aiming to get 90 per cent of cargo flown as booked. "So they are expecting us to pay the going rate for a service which will certainly fail 10 per cent of the time and probably

more. be claims. Mr Boyce argues that in addition to better value for money, shippers also want air lines to offer a wide choice of

In that context, he suggests carriers should consider introducing different product classes for cargo along the lines of those used for passenger services. For example, a "first class" service might offer a 100 per cent flown-as-booked guarantee, while "business class" cargo might be given greater priority than "economy"

Phillip Hastings

The publishers of the industry magazines, Freight Management ternational and Cargo Galeways, wish to announce the launch on Thursday October 1 of a daily subscriber information service that will keep people within the industry abreast of vital news

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Information technology moves up the table of priorities

Number one on the 'wish list'

be for the retailers and distrib-utors who plan logistics strategies based on tomorrow's expectations as well as today's

requirements. "And those expectations are the fast and accurate transfer with a wide range of customer IT systems and service requireof information and shared ments. According to research experiences," he adds. Distribution industry IT developconducted for the UK Institute of Logistics & Distribution ment over the past few years Management's recently pubhas followed a number of paths. One has involved the lished 1991/92 Survey of Distriestablishment by large multibution Costs, IT improvement has moved from number three national operators of global systems designed to increase the previous year to number the efficiency of dealings with one on the distribution sector's "wish list". In terms of areas Particularly prominent in where changes were being actively considered, IT systems

have been the leading express companies such as TNT, Federal Express, United Parcel Service and DHL, all of which are now important players on the general international distribution scene. Leading freight forwarders

are also moving that way -Swiss-based Danzas, for example, has developed a programme called Danzlink which, it claims, will have a far-reaching effect on European forwarding. "Danzlink allows shippers to

freight forwarder which con-

forms to UN/EDIFACT syntax

rules, PC (personal computer)

exchange information with says Mr Alan Redhouse, chairboth Danzas and any other

AREAS OF FUTURE DEVELOPMENT Wish List Position⁴ Desirable Requiring % Improve IT systems Roview strategy Centralise distribution Expansion of warehouse Move into Europe

Improve efficiency

Introduce bar coding

to PC and PC to mainframe." It adds. That sort of flexibility will be crucial to future distribution industry IT development, say informed observers. IT services group Eyetech, which has worked with distribution companies such as UK parcels carrier Elan, elaborates on that point. "A couple of years back there was a lot of talk among distribution companies about using IT systems ers. But that was always a rather naive view - customers were never going to be happy with that sort of situation.

man of Eyetech. "The key is to find systems which are sufficiently flexible, within very wide margins, to deal with anything the customer wants to send or receive I think we will also start to see the emergence of systems which will suit any carrier." Another significant area of distribution industry IT development centres on finding ways of enabling smaller distribution companies to success-

fully participate in the use of

EDI and other systems. The EC. for instance, is supporting a £5m project to test the usefulness of advanced EDI and other information systems for smaller pan-European transport operators. Britain's involvement is being co-ordinated by Professor Michael Browne who is sponsored by transport company BRS to research distribution issues.

carriers over the past five years has relied on the ability to use advanced information systems using EDL We aim to harness technology and make it accessible to smaller operators," he says.

Another marked trend in distribution industry IT development has seen some distribution service companies' focus on the development of casespecific software and hardware solutions for particular local applications.

That is the case at Transport Development Group which includes a range of different UK and Continental distribution companies. Mr Kevin Ashby, IT adviser to the TDG board, says group computer requirements are shared where feasible but individual companies then put in what they need locally "because they are closer to the coal face".

"We have to cater for individual customers' different ff demands and service requirements. Some customers, for instance, will insist that you, as a distribution service contractor, use their systems for things like stock control but may leave you to use your own system for fleet management." he adds.

NFC group UK delivery com-

pany Lynx reinforces the need for IT systems flexibility. "For the larger users of our services, it is important to keep data systems flexible, to match their existing supply-chain management information systems in the areas of order processing, materials planning and inventory management," says Mr Kevin Appleton, Lynx sales

and marketing director. Another feature of general distribution industry IT development is a continuing move to expand the scope of such systems beyond simple warehouse and fleet management

TNT Contract Logistics, for example, has just launched a new computer software package called Class (Contract Logistics Administration Services System). Mr lain Speak, general manager of TNT Contract Logistics Netherlands. says one of the main features of Class is that it allows the company to undertake the full accounting role for clients, in addition to providing them with distribution services

The advantages of EDI imple mentation to the freight and distribution industry are summed up by IT company A T&T EasyLink Services. Companies can exchange transport data with trading partners with greater speed and efficiency and can ensure that the dispatch of goods is transportation," claims the

Phillip Hastings

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DISTRIBUTION SERVICES 4

Competition in UK domestic parcels sector intensifies

US giant wraps up takeover

THE recent arrival of the world's largest package delivery company on the UK domestic parcels scene will further sharpen the already fierce competition in that sector of the distribution market.

The company concerned, US-based United Parcel Service, finally made its move into the UK parcels business at the end of June with the acquisition of privately-owned operator Carryfast.

The latter, which has 17 depots, 350 vehicles and an annual turnover of around 231m, operates one-day guaranteed and three-day guaranteed UK delivery services. In contrast to the UPS expansion, rival US parcels giant Federal Express had just a couple of months earlier vividly illustrated the tough nature of the UK tic parcels market by pulling out of that business and other European operations

because of continuing losses. That withdrawal had in fact left only one other of the world's big four express companies, TNT, active in the UK domestic sector. The fourth member of the quartet. DHL, sold its UK domestic delivery organisation Elan to a group of venture capitalists in August last year.

The FedEx retreat this year triggered an important battle for business among remaining parcels delivery operators seeking to win some of the estimated £40m worth of former FedEx business. The market's second largest carrier, Securicor Omega Express (SOE), got a head start by paying FedEx around £7m for the US company's business goodwill and other assets.

But other operators were predictably quick to try and win some of that busine away from SOE - market leader Parcel-force, for example, claimed that following the Fedex withdrawal, it picked up an additional £4m worth of new contracts by the end of May.

Looking ahead, the next known big development on the UK parcels delivery scene could well involve the recentlyannounced plans to privatise Parcelforce. The Royal Mail organisation is reckoned to have more than 30 per cent of the market. It made a loss in the financial year to end-March 1992 of £24m but that was a substantial improvement on the £131m incurred the previous year. Mr Peter Howarth, managing director of Parcelforce prior to his promotion last month to become managing director of Royal Mail, confirms that recession has hit the overall UK parcels business very hard. "There was a reduction of 20 per cent in the volume of express traffic during 1991/92 and a reduction of 40 per cent in the non-urgent market," he says.

To survive in that sort of market, says Mr Colin Milibanks, chief executive of Mayne Nickless group parcels carrier Parceline, companies have had to focus firmly on bottom-line performance rather than, as had been the case until the recession, concentrating on building up volumes.



Security cage system for parcels at Elan

As an example of that trend, he points to Parceline's performance for the year ended June 30, 1992. "Revenues increased 6 per cent. shipments increased 1 per cent but package throughput reduced by I per cent and our costs are I per cent lower year on ear in absolute terms. Clearly we have increased margins considerably."

In addition to the leading players, there are reckoned to be something like 1,000 smaller companies operating in the UK domestic parcels delivery market, ranging from one-man operators to medium-size franchise organisations. Although none of them handles even 1 per cent of the over-all market, it is estimated that those smaller operators together account for around 55 per cent of the urgent parcels business and 45 per cent of the non-urgent

"With smaller operations and lower overheads, including the growth of franchising, this area could in time pose a greater threat to the larger established companies than current market influences." suggests Mr Howarth.

Further adding to the competition for UK parcels distribution business, particularly at the heavier end of the market, is a growing move by more traditional road transport companies to upgrade some of their operations to offer faster, time-defi-nite deliveries.

Kent-based Laser Transport, for example, recently entered the UK express mar-ket with the launch of next-day, two-day

and three-day delivery services.

For their part, established parcel delivery companies are putting an increasing emphasis on the provision of more information and improved customer care.

Stimulating that development, they say is the fact that customers are increas taking for granted the provision of fast, reliable delivery services at acceptable

"Companies are requiring more manage-ment information from their express carriers to enable them, for example, to analyse expenditure by departments and service levels used. As companies increasingly need to be accountable, so do the carriers," says Mr David Kennard, managing director of Securiguard group parcels company City Link.

But parcels companies also say that both they and their customers are becoming more selective about the volumes and types of information passed between them. For example, there was at one point a clear move by some operators to introduce systems which could provide customers with fast proof of delivery (POD) informa-tion about all their shipments. More recently, though, there has been some thing of a rethink on that subject.

"It is easy to kid yourself that everyone wants POD information the minute a shipment arrives," says Mr Jonathan Smith neral manager London and South East for British Rail parcels company Red Star.

"But we have found that what most people really want is for us to be pro-active when there is a problem. They want to know what has happened, why and what we are doing about it."

Support for that view comes from Mr John Bintliff, chairman of Elan. He agrees that the main information requirement of most customers is for news about "exceptions", that is, when parcels are not delivered as scheduled. "Initially, we telephoned that information, now we are faxing it direct off screen and in future, I am sure we will use EDI (electronic data interchange) systems," he adds.

In line with that increased customer care, parcels delivery companies are also developing new services and even partnership arrangements to cater for particularly specific requirements.

A recent example of that trend is provided by TNT Sameday, part of TNT Express (UK). It has formed a partnership with Hutchison Paging (UK) to provide a two-hour replacement pager service for customers in mainland Britain and Northern Ireland. When delivering the pagers, TNT Sameday motorcycle riders will display the Hutchison brand on their vests and a magnetic logo on their machines.

Phillip Hastings

Jack Semple examines the increasing environmental pressures

More jam tomorrow on roads

industry is finding itself under increasing pressure from environmental influences, which raise many issues but provide few solutions.

Road congestion, which is iready regarded by many as a barrier to the UK's economic growth, can only get worse. Transport bosses complain that motorways are starting to become congested at night, as well as during the day.

The congestion issue will hit the transport industry quite seriously over the next few years," according to Dr Mike donaghan, director of environment for P & O. The group, which operates barges on the Rhine, is looking seriously at an increase in rail freight and coastal shipping to bypass the roads in Britain.

However, these alternatives will bring only marginal benefit "The nub of the problem is the private car, not the commercial vehicle. That's where the massive growth has been. Substantial new road promes and spending on public transport are needed, according to the Freight Transport Association: but the signs are not encouraging. One leading transport group cites the Channel Tunnel as a frightening example of government "penny-pinching, bungle and lack of clarity.

"They have a hell-bent, doctrinaire approach about not investing in public services. As a result, Railfreight Distribution and its links to the Channel, launched with such a fanfare three years ago, has fallen flat on its face."

The view is widespread. James Watson, chairman of NFC, warned recently that the freight industry will view the tunnel as little more than "an expensive hole in the ground". Transport Development Group's leading cross-Channel operator, Beck & Pollitzer, dready hauls by rail to Boulogne, but says it will go on using ferries and the roads for the UK leg of its international operations, after the tunnel

In London, the area of greatest congestion, the government offers its low-cost Red Route scheme, 300 miles of priority routes with strictly enforced parking bans. It promises dightly faster and more predictable journey times for delivery vehicles. Ironically, is proving to be a mixed bless-ing for the distribution induswhich is already complaining of inadequate access to

ops on the trial routes. Increasingly, transport operators are finding problems even before they go on to the road. Rights of residents and the local authority to object lorry operating bases were introduced in the mid-1980s, but over the past two years have been greatly strengthened through changes of interpretation of existing law

Apart from dedicated industrial zones, expansion and growth has become extremely difficult, even on some sites zoned for light industrial use The government doesn't real ise the extent of the problems,' according to Jonathan Lawton, a prominent transport lawyer. Showpiece distribution centres seldom have environmental problems: but there are real worries for small- to medium-

sized transport operators.
The "headline" environmental issue on lorries, however, is weights. Local newspapers frequently carry news of accidents involving juggernauts or protests against them and the anti-lorry sentiment this reflects has dominated political action for more than a decade

Gross lorry weight is equated, quite mistakenly, with size. Ironically, since the furore over the increase in weights from 32 tonnes to 38 tonnes in 1983, increases in both the length and (in the

width of articulated lorries have gone almost unnoticed. The controversy over lorry weights continues, however.

There is strong support within the Department of Transport for a further increase from 38 to 44 tonnes, to reduce the number of heavy trucks on the roads, Running on six axles instead of five, these trucks would also do less damage to roads, officials believe. A unilateral move by Britain to 44 tonnes, which is already

remains a possibility. Legislators are in disarray. however, on lorry weights. The method used to calculate the damage lorries do to roads, and also the tax levied on them, are regarded by engineers as

Technical advances in "road friendly suspension"; especially air suspension, promis reduced road wear. But the benefits are largely unknown. "It could be 50 per cent or it could be 1,000 per cent." who heads a UN-sponsored research programme

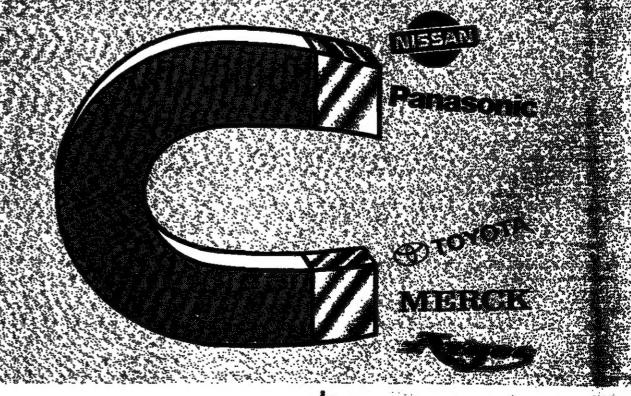
Reducing the environmental impact of exhaust emissions has become a substantial area of cost for lorry manufacturers and therefore, ultimately, operators. While no exact figures are available, Daf estimates that the industry has spent around £150m a year in this one area of research over the

This is a cost which will continue during the 1990s, as the industry strives to meet stringent EC emissions targets. However, the research is running into the law of diminishing returns. "Clean burn' improvements become more marginal, at the expense of slightly greater fuel consump-

Manufacturers complain that legislators are doing little to clean up engines in operation.

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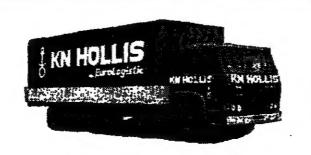
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Operators are now seeking qualification for standard approval

manufacturers and retailers for all suppliers to achieve recognised quality standards is now clearly reflected in the distri-

Contract logistics organisations, road hauliers, freight forwarders, express delivery companies and other distributionservice providers are all seeking qualification for British Standards BS 5750, the International Standard ISO 9000 or the European Standard EN 29000.

But while few if any distribution companies of significant size are now prepared to opt out of chasing such formal recognition, debate continues over the real merits of achieving and maintaining BS 5750 or similar standards.

"In a service industry like transport and distribution, the meaning and value of a concept like 'service quality' is still, to a large extent, in the process of being defined and there are strongly opposing views on the value of RS 5750 acknowledges Mr Len Davis, personnel director of BS 5750accredited third party contract distribution company Applied Distribution Limited (ADL).

"At the one extreme, you have people who will insist that every one of their suppli-

INCREASING demand from ers must have approval At the other extreme there are those who dismiss it as irrelevant."

Another BS 5750-qualified company, TNT Contract Distribution, agrees some operators are questioning whether the level of investment in manpower and money needed to maintain BS 5750 accreditation is justified in terms of business

"But we believe the cost can be justified by the continuing improvements in the quality and consistency of service provided and the significant volumes of new business won," adds a TNT spokesman.

director of Transport Develop-ment Group logistics company Williams Distribution, which also recently gained BS 5750 accreditation, emphasises that there are internal as well as external benefits to be gained. We have found the process extremely useful. Whether or

increase in our customer base remains to be seen," he adds, On the international distribution side, Mr Gerry Burgin, managing director of freight forwarder Trans Global Air, the first UK top 10 forwarder to gain BS 5750 accreditation, is

Mr Philip Honor, managing

not it results in a direct even more emphatic about the

Accent on quality controls

"This is without question the way forward in our industry. BS 5750 is a guarantee of quality and excellence in service delivery which more and more importing and exporting businesses require from their freight distribution partners."

Adding weight to that argu-

ment, Mr Duncan McWilliam, group quality and customer service manager for TNT Express Worldwide, says there are now more than 7,000 companies in Continental Europe approved to BS 5750/ISO 9000 standards and some 13,000 in the UK "and they are demanding that their suppliers be quality approved". Pointing out that various parts of the TNT Express international and UK domestic organisation are already accredited with BS 5750, he says benefits include the fact that "it requires the development of an infrastructure within an organisation that is able to take corrective action when things go wrong



Len Davis: "service quality is still being defined

so that the mistake or problem is not repeated". Some companies use specialist outside consultants to help them qualify for quality stanhave undertaken the work

The former LEP Group UK contract distribution company

Safety scare leads to tighter laws on temperature controls

Operators keep their cool

example, chose the latter course. Swift, which was sold by LEP earlier this year to a holding company led by its senior management, recruited a full-time team from within the company. That was followed by a thorough audit of existing operational systems to a survey into the attitudes and Increasingly, the same think-

Initial demand for distribution service companies to achieve BS 5750 or similar accreditation came mainly from manufacturing companies, particularly multinationals in the higher technology sectors. Their interest stemmed from a growing awareness that having implemented sophisticated manufacturing controls, the majority of remaining quality issues were arising after the end of the production line - for example, delays in the arrival of goods

motivation of employees

towards quality improvement.

lish product quality have generally focused on monitoring production processes through systems such as Statistical Process Control (SPC). If that control is established, runs the theory, then there is no need to worry about measuring the output because it will be exactly as required.

ing is being applied in the area of distribution and logistics, Debate continues over

says Mr Martin Christopher, professor of marketing and ogistics at the Cranfield

the real merits of

achieving BS 5750

"if you have got your logis-tics system under control, in other words you are monitor points along the way, then the customer service levels you

In the past, says Mr Christopher, people used to think of 100 per cent delivery reliability as impossible. But, he points out, 100 per cent is achieved all the time in some areas of activdays a year would people be without electricity, how many days a year would the tap water be undrinkable?

Other logistics industry experts point out that if a manufacturer wants to be a single source supplier to a leading automotive industry company, for example, it is taken for granted that it will meet the product specifications or he would not even have been invited to tender. But the only thing which is going to keep that company there as a preferred single source supplier is the fact it delivers the quantity and quality required, on time, to the point of use on the production line.

However, those same sources also point out that gaining BS 5750 or similar accreditation does not ensure a distribution company will meet all its customers' needs. Rather, say supporters of the concept, such standards are likely in future

vice if you like, will meet the to be seen as simply a starting point, a basic criteria they will have to subscribe to "Simply having a BS 5750 certificate or the wall does not create a quality company. The only guarantee it makes is that the company concerned has the required to deliver the agreed

service," says ADL's Mr Davis. "Cost-effectiveness, for example, is considered by most customers to be an essential part of service quality. However, BS 5750 has nothing to say about the value-for-money of service provided by an approved com-

entirely to the customer. A similar point is made by a leading international distribution industry executive, Mr John Boyce, chairman of the British Shippers" Council air transport committee. He is a "reasonable supporter" of quality assurance standards.

ieving such standards will not in itself improve service qualget people achieving 100 per cent compliance with the prescribed standard but if that standard is not what the shipper wants, what is the point?"

Phillip Hastings

temperature-controlled distri-

bution involves a growing

value services. Included in that

category, are tray washing,

waste management, recycling

of packaging materials, bar

duce, and the in-store mainte-

nance of freezer/chilled cabi-

Demand is also growing for

pan-European distribution

operations. That trend, says Mr

Veitch of Exel Logistics TCS, is

particularly evident in the

facturers and suppliers are

increasingly looking at the

economies of scale benefits to

be gained from supplying cus-

tomers from one European

Further evidence of that

trend comes from European

transport company P&O Fer-

rymasters which recently took

delivery of 20 x 13.6-metre tri-

support the development of

specialised operations which

include twice-daily shipments

of temperature-controlled prod-

ucts between the UK and Hol-

fresh produce sector.

A SERIES of food safety scares in 1988 and resulting UK government legislation have had a marked impact on temperature-controlled distribution activities over the last couple

On the technological side, for example, distribution service operators have invested heavily in sophisticated new temperature-monitoring systems for their vehicles. They have also stepped up staff training to try and ensure higher standards of operational management control.

In a separate development. the movement of fresh produce, in particular, has become an increasingly pan-European affair. And with creation of the European Community Single Market now imminent, that trend is expected to become

The overall result is that the distribution of chilled and other temperature-sensitive products - often referred to by the industry as the "coelchain" - has become an increasingly specialised busi-

Current patterns of temperature-controlled distribution ing the mid-1980s as leading retailers led the way towards consolidated operations.

Previously, retail outlets had tended to take deliveries from individual manufacturers, so-called van sales. "A better cool chain arrived almost by default as improving technology was incorporated into these consolidation centres," comments Mr Mike Burbage. managing director of Wincanton Distribution.

"Also, the type of refrigerated vehicles required for larger consolidated drops were of a better type than those which were used previously for van sales. Numerous other benefits emerged, too, particularly improved information technology systems which enabled shorter lead times, less inventory, better sales forecast-

ing and so on." Concurrent with those changes, some of the manufac turers who had traditionally tended to control their own temperature-controlled distribution operations began to contract out such activities to specialist service providers. However, while cool chain

already reached high levels of

safety and sophistication by the late 1980s, the food safety scares of 1988 undoubtedly gave that development a fur-

One of the main thrusts of recent UK government legislation on food safety as far as distribution activities are concerned has centred on establishing a series of new temperature control limits for goods in transit. In April this year, for example, it became neces-

The movement of fresh produce has become a pan-European affair

sary to ensure that temperature-controlled foods carried in small vehicles (7.5 tonnes or below) are kept at or below 8 The same stipulation for food

carried on larger vehicles was

established as law in April last

legislation. April 1 next year will see the introduction of regulations requiring certain foods to be kept at or below 5 degrees C, except in small

delivery vehicles.

Generally, the UK's new food safety legislation has been welcomed by the leading distribution service operators in that sector. They say the biggest impact is being felt at what is generally accepted as the weakest link in the supply chain – the point of interfact with the supplier or manufacturer where each individual driver is responsible for accepting products into that chain.

In that context, Mr Bruce

Giles, a regional director with Christian Salvesen Distribution emphasises the importance of proper driver training. The regulations mean that the industry needs to make certain that all drivers are equally well trained and equipped to accept



lan Veltch: emphasis on computer-controlled system

responsibility for this crucial decision and for any others that may need to be taken by them throughout the rest of the supply chain," he adds. In addition to better training of drivers and other staff, com-

panies operating vehicles in

cated temperature-monitoring systems on distribution fleet Mr Ian Veitch, business development director of Exel Logistics Temperature Controlled Services, says there is a growing emphasis on computer-controlled systems which will record temperatures

tribution sector have also

invested in new equipment.

One particularly prominent

has involved the widespread

installation of more sophisti-

throughout a delivery run. 'Some retailers are now saying we should be able to present a mplete temperature history of their products," he adds.

Wincanton Distribution has also introduced movable curtains in certain vehicles to segregate chilled products from carry a lot of latent heat. Other moves by Wincanton include the introduction of dual evanorator fridges and under-slung fridges which reduce noise and operate at lower CFC levels.

Recent years have seen considerable fluctuations in specification demands of chilled distribution vehicles. In the early days of consolidated or composite deliveries, for example vehicles were often divided into two or three compartent temperatures.

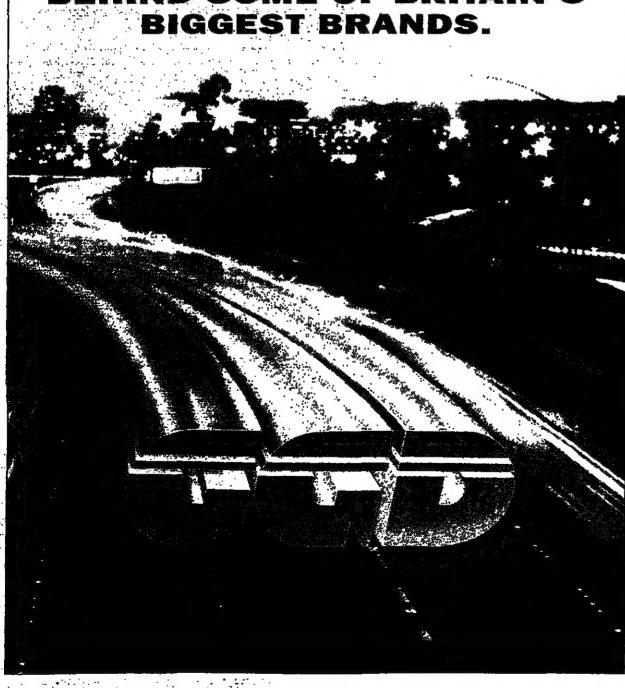
Then, as retail outlets increased in size and drop sizes grew larger, so demand increased for vehicles to make full load deliveries of one particular range of products. Now, says Mr David Howes, managing director of Christian Salvesen Distribution, there are two-temperature vehicles. 'There are two conflicting trends at work. On the one hand, you have the large outof-town retail stores taking more full loads of chilled or ambient goods. But at the same time the major retailers are opening up smaller outlets in smaller towns which is once again increasing the demand

for composite deliveries.

Another trend in the field of

Phillip Hastings

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British Steel Is aware of the stiff competition it faces in its planned assault on European mainland markets. Physical distribution is an important plank in its campaign and the costs and efficiency of the ser-vice will help determine the success or failure of the ven-

The company is engaged in a far-reaching review of its transportation and delivery operations. High on the agenda for discussion is the setting up of regional distribution centres closer to customers and the development of world class information technology (IT) links between production plants, distribution operators

and customers.

Meanwhile, the company spends some £375m a year on shipping products to mainland Europe and tends to deal direct with transport operators and suppliers rather than go through forwarding agents.

Its sales in Europe represent about 2.5 per cent of the total European market and the objective is to achieve significant increas

Its main European destinations are Italy, Germany and Spain, followed by France, Greece and the Netherlands. Short sea vessels under 4,000 Michael Terry looks at new challenges facing companies in Europe

Drive for greater efficiency

British Steel uses to ship products to the mainland, some 64 per cent of the total. Last year the vessels carried 1.8m

The use of sea vessels able to negotiate river and canal systems allows British Steel to deliver direct to Dulsburg, Paris, Lyons and Bonn without the need for transhipment and double handling.

Mr Patrick Doolan, British Steel director for supplies and transport, a confirmed ship user, concedes the mode faces strong competition from rail. It depends on whether investment occurs in rolling stock and systems on the same scale as for ships.

At present 11 per cent of British Steel's European deliveries are by rail and 4 per cent by combined transport. All British Steel's main works are rail connected as are most of its large customers. It uses Railfreight Distribution's (RfD) conventional wagon train ferry service to France, and, to a limited degree, United Trans-port's (UT) lift-on/lift-off intermodal units which sail between Hull and Tilbury and Rotterdam on UT ships,

Mr Doolan is unhappy with uncompetitive railway rates. the critical shortage of rail inability to come up with a design for a single wagon to carry the 24 metre beams which British Steel wants to market to the continental construction industry.

He has a limited degree of interest in the Channel Tunnel, arguing that much of its business is not sufficiently time-sensitive to warrant it.

Twenty-one per cent of British Steel's deliveries to Europe

The new trailer has been The use of sea vessels able to negotiate river and canal systems allows British Steel to deliver

direct to Duisburg, Paris, Lyons and Bonn

Russian Intelligence

French Intelligence

the rest

designed with an hydraulic

scissor platform which allows

TNT to convert it into a dou-

ble-deck transporter that can

be used on the return journey

Nagel (K & N) first became

involved in distribution 25

years ago when its client,

Tschi Bo, asked it to organise

the distribution of coffee beans

whose import it had arranged.

roasting of the beans in Berlin

and the delivery by road to

5.000 specialist retail outlets

throughout Germany, Today,

the company also carries out

Now K & N organises the

German forwarder Kühne &

to carry finished cars.

go by road. P & O Ferrymasters of roll-on/roll-off trailers ser vices to the continent. Hauliers have to meet stiff equipment specifications - coil-carrying trailers must have air suspen-sion, rubber-lined wells and a

protective tarpaulin covering. Mr Doolan recognises the importance of a partnership between British Steel and its suppliers but insists on maintaining competition between contractors by sharing cargo between different routes.

TNT Contract Logistics is developing a special trailer to make its distribution of car parts to General Motors' assembly plant at Uusikaulette and Phillip Morris. K&N, an established interounki, Finland, more cost-effec-

national forwarder with 350 Using a combination of covoffices in more than 60 countries, recognised the logistics opportunities emerging in ered trailers and rail, TNT delivers 400 tonnes of parts a day from Frankfurt. For the Europe and set up a specialist back load only 40 per cent of space is filled with returning logistics department in Switzerland It acquired companies in Holempty packaging. TNT has to turn to the open market to fill

land and Italy, countries which it identified as offering areas of opportunity.

These acquisitions, together with its 12 existing commonuser warehouses in Germany, give the company a strong base for domestic and intra-European services, said Mr Peter Dohne, head of European logis-

Alert to the re-emergence of rail as a significant freight transport mode, a main board member has now been given responsibility for developing rail services. The company's Paris office

regularly uses the SNCF high-speed temperature-controlled rail service for perishable goods between Paris and

Distribution has become a critical factor in Europe's paper industry. Manufacturers, suffering from a decline in demand and the dumping from overseas of cut-price products,

look to logistics to reduce costs and to increase efficiency.
It is a buyer's market where

the manufacturers expect their distribution specialists to develop supply systems that avoid customers the penalty of holding costly a inventory.

St Regis, a leading UK producer of paper for packaging, exports some 140,000 tonnes a ar to Europe. Its customers in the Benelux countries and northern France expect orders to be delivered within 24 hours. To meet this demand the

company is setting up down-the-line warehouses to hold stock closer to the customers and thus speed up delivery reaction time. Third party contractors will be asked to provide and manage the

In an enterprising attempt to further develop the European market, logistics contractor, TDG, has launched a company providing would-be exporters from the US and the Far Rast with a start-up service for entering Europe

As well as providing normal distribution services, the market development and management services offered by Prism include business planning, customs, tax handling, sales management, marketing and credit control.

Commented John Cole, head of TDG's distribution division: "The service helps potential exporters avoid any heavy investment risk. It provides us with the chance to create a partnership with a new client." Japanese eye UK market

A hidden force ready for action

chairman of NYK Line (Europe), smiles and politely declines to put a figure on how much NYK has invested in inland distribution in the UK and Europe. One can say it is substantial, he agrees: and, yes, the rate of investment could accelerate rapidly over the next two to three years, always depending on demand

NYK, a leading Japanese shipping line, is one of the most advanced of several Japanese transport groups which have quietly been laying plans to become leading players in the European distribution market. It now has 1,300 UK employees, most of whom are involved in inland logistics.

Nippon Express, which by contrast does not operate deep sea shipping, has so far invested £40m in fixed assets in Europe, £9m of which is in the UK. In 1991, rapidly growing net revenue, excluding air freight, totalled £68.5m, of which £15.7m was in the UK.

Other Japanese companies in Europe include Mitsul, a large, diversified trading house, and parcels companies, Yamato and Kintetsu.

These companies pose threat to existing operators within the market. They have a reputation for being thorough and patient; above all, they have the "inside track" with Japanese manufacturers. NYK plans to become a 'logistics megacarrier", offering door-to-door services, worldwide. In the US, for example, it is now a leading railroad operator, following the acquisition of Southern Pacific Transportation.

Europe is an important part of the global jigsaw. Growth ln cargo shipments between Asia and Europe is set to accelerate as Europe unifles and NYK is responding by building "comprehensive dis-The initial emphasis will be on movements to, and

ture: "We are not intending to develop our inland traffic to retailers," he says, pauses, smiles, and adds: "As yet." Mr Suzumura says NYK's transport involvement in the past has started and ended at the dockside. The move inland

between, points of manufac-

the group's activities. In the UK, NYK has two separate operations. New Wave Logistics, a global logistics brand within NYK, is starting from a greenfield site (its large warehouse in Milton Keynes has Panasonic as an important customer) with a Japanese

managing director.

New Wave runs separately, for the time being at least, from UCI Logistics, acquired from United Carriers Group in July 1991. UCI was bought because it has strong market knowledge and gives the company a footbold in inland transport, with a broader customer base than purely Japanese manufacturers.

It contains several long-established road transport concerns: Robsons Distribution, a network warehousing and haulage firm; Hudson Shepherd, a domestic groupage operator; and Thompson Jewitt International, a leading

groupage operator between the UK and Europe.

The importance of local knowledge is stressed by Allan Binks, chairman of UCI (and United Carriers) and until the late 1980s a senior executive within Transport Develop Group. He comments: "Son might be the biggest electrical goods manufacturer in the world, but Comet and Currys will determine the way they are delivered to their stores. When it comes to establishing an operation and breaking into the market, it's extremely difficult unless you have got a power base from which to

NYK, and other Japanese companies, are likely to buy Continental transport companies in future.

Nippon Express is conce trating on developing logistics business with Japanese manufacturers at present, but says that will have changed by the mid-1990s. Japanese compa-nies will establish a quality reputation in distribution. much as they have in cars and electronics. "There will be a demand for contract wareusing by a Japanese com-



Koichi Suzumura: rate of

pany," spokes<u>men</u> Mark Pester predicts.

Touche Ross consultant Ray Hoare highlights the Japanes strength in finance and planming: "They have a long-ter-mism which the UK has not developed. As a result, they may well achieve the same result in distribution as they have in manufacturing.

While the ambitions of overseas groups such as UPS and Federal Express of the US, and TNT and Mayne Nickless of Australia, are much publistill not fully appreciated within the transpo according to Jack Mather, chief executive of NEC (formerly National Freight Con-

sortium). "The Japanese are the hid den force. They'll come in on the back of Japanese manufac turers - they all trade and link together - and use them as a base. Then they'll spread to other customers." They will offer formidable global systems for shipping, storage and distribution. Kuhne & Nagel and Danzas will be targets. "Even NFC is not big enough. We have to form strategic alliances with shipping

Mr Mather envies the way Japanese groups work together: "They don't have contracts, they have working relationships. I wish we Brits

Jack Semple

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Profile: TRANSFESA

Toeing the line

BUT FOR the foresight and persistence of the Spanish dis-tribution group Transfesa, Spain would find it difficult to integrate its railfreight industry with its European partners. Its trade with the rest of the Community, especially exports of fresh fruit, would be suffer-

Through an accident of history Spain and its Iberian neighbour Portugal have a rail gauge which is 23cm wider than that in France and the rest of the EC.

For years it meant long delays at the Franco-Spanish border points while goods were unloaded from one train and re-loaded into another.

It put the shelf-life of perish-able goods at risk and escalated the handling costs of all

railfreight transport. When it started international operations in 1951 it recognised the need to streamline procedures at the border. Its engineers identified the

need for a facility to quickly change the axles on the rolling stock. Given the Spanish govern-

ment's massive support for Spain's export industry, it is surprising low disinterested the Spanish Railways, RENFE, was in the proposal. So was French Railways, SNCF, Neither of them thought the idea could work.

But Transfe and invested Pta6.3m (\$67,000) erecting two axle changing depots at the Franco-Spanish frontier stations at Hendaye (opened in 1950) and Cerven (opened 1951) and providing ancillary equipment. The system entails lifting the

wagons by crane and is very labour intensive. The depots have an axle

changing capacity of 300,000 two-axle wagons a year and at the moment are changing axles on 140,000 wagons a year.

Last year a new patented automatic system whereby the axles are lifted and lowered hydraulically in a pit was introduced to the Hendaye depot. With the new system each wagon's axles can be four wagons can be changed at once, in eight minutes. A train of 1,000 tonnes can change axles in 50 minutes.

International traffic passing through the depots is made up of Transfesa's own wagons and loads being moved by RENFE and SNCF.

Goods include car parts for assembly, finished cars, fruit, cereals, bulk paper, chemicals, powders and granulated prod-

Michael Terry